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**The relationship between employees' perceptions of organisational climate and
customer retention rates in a major UK retail bank**

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ABSTRACT

There has been increasing interest in the field of customer retention in the last two decades. Much of that interest has focused on the economics of customer retention and developing plans and strategies for companies to follow to improve customer retention. There has been little research into what determines customer retention, particularly from the perspective of organisational climate. The purpose of this study, therefore, is to examine the relationship between employees' perceptions of organisational climate and customer retention in a specific service setting.

The methodology adopted for this study is a 'within method' triangulation approach, which uses predominantly qualitative research techniques, supported by quantitative research methods. The foundation of the research design is a set of six case studies of bank branches selected from the network of a major UK retail bank. The branches are similar to each other in every respect, except that three have high customer retention rates and three have low retention rates. The main source of data is semi-structured interviews with a representative sample of six employees from each bank branch. This data is supported by survey data from a questionnaire that was completed by all the staff in all six branches. This questionnaire was also used as a platform from which to conduct the semi-structured interviews. Cross-case analysis between the two sets of branches is undertaken using the 'stacking comparable cases' approach, in order to systematically compare and contrast the differences between the high and low retaining branches.

The findings from the study show that there is a relationship between employees' perceptions of organisational climate and customer retention at a micro-organisational level. It shows that organisational climate can be sub-divided into five climate themes and that within each climate theme there are dimensions which are critical to customer retention and others which are less critical or irrelevant. Finally, the study highlights that it is the climate themes and dimensions *taken together* that form the climate for 'customer care' and not the individual themes and dimensions.

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CONTENTS

1	INTRODUCTION.....	1
1.1	Research aim.....	1
1.1.1	Origins of interest.....	1
1.2	Research overview	3
1.2.1	Overview of research design and methods	3
1.2.2	Summary of main research findings	4
1.2.3	Structure of the thesis	4
2	LITERATURE REVIEW	6
2.1	The Impact of Organisational Climate on Customer Retention.....	6
2.1.1	Linking organisational climate and employee behaviour and employee satisfaction.....	7
2.1.2	Linking employee behaviour, service quality and customer behaviour	8
2.1.3	Linking employee satisfaction, employee behaviour and customer behaviour.....	10
2.1.4	Linking service quality to customer behaviour and financial consequences.....	12
2.1.5	Customer retention, the profit impact of customer retention and strategies for customer retention	14
2.2	Organisational Climate	16
2.2.1	Descriptions of organisational climate.....	17
2.3	Research Aim, Gap in the Literature and Research Questions	37
2.3.1	Related research.....	38
2.3.2	Limitations to previous work and gap in the literature	39
2.4	Chapter Summary	42
3	RESEARCH METHODOLOGY AND DESIGN	43
3.1	The Philosophical Framework	43
3.1.1	Methodological choices.....	45
3.1.2	Lay language.....	46
3.2	Linking Qualitative and Quantitative Data	46
3.2.1	The case study method	47
3.2.2	The survey method.....	48
3.3	Research Design.....	49
3.3.1	Components of research design	49
3.3.2	Case selection	51
3.3.3	Research design framework.....	53

3.3.4	Data collection – Interview structure and protocol – Stages 2, 3 and 4.....	56
3.3.5	Data analysis – Stages 5 and 6.....	58
3.3.6	Quality and Rigour – Methods for verifying qualitative data.....	63
3.4	Chapter Summary	67
4	HIGH RETAINING BRANCHES: CASE ANALYSIS	68
4.1	High retaining branches: case analysis.....	68
4.1.1	High retaining Branch 1 – within-case analysis.....	68
4.1.2	High retaining Branch 2 – within-case analysis.....	79
4.1.3	High retaining Branch 3 – within-case analysis.....	89
4.2	Cross-case Analysis.....	102
4.2.1	Structure.....	102
4.2.2	Rewards and recognition.....	105
4.2.3	Cohesion.....	108
4.2.4	Warmth and support.....	109
4.2.5	Customer care.....	110
4.2.6	Summary – High retaining branches.....	114
5	LOW RETAINING BRANCHES: CASE ANALYSIS	116
5.1	Summary of Individual Branches	116
5.1.1	Low retaining Branch 4 – within-case analysis.....	116
5.1.2	Low retaining Branch 5 – within-case analysis.....	129
5.1.3	Low retaining Branch 6 – within-case analysis.....	143
5.2	Cross-case Analysis.....	155
5.2.1	Structure.....	155
5.2.2	Rewards and recognition.....	159
5.2.3	Cohesion.....	160
5.2.4	Warmth and support.....	161
5.2.5	Customer care.....	163
5.2.6	Summary – Low retaining branches.....	168
6	HIGH AND LOW RETAINING BRANCHES: CROSS-CASE ANALYSIS	170
6.1	Quantitative Research Results	170
6.2	Cross-Case Analysis.....	173
6.2.1	Structure.....	174
6.2.2	Rewards and recognition.....	177
6.2.3	Cohesion.....	179
6.2.4	Warmth and support.....	180
6.2.5	Customer care.....	182
6.3	Summary – High and Low Retaining Branches.....	186

7	FINDINGS AND DISCUSSION.....	188
7.1	Contribution	188
7.1.1	Structure.....	190
7.1.2	Rewards and recognition.....	192
7.1.3	Cohesion.....	194
7.1.4	Warmth and support.....	194
7.1.5	Customer care.....	195
7.2	Emergent Themes.....	199
7.2.1	Role conflict and boundary-spanning relationships.....	199
7.2.2	Employee autonomy and management style	204
7.2.3	Leadership styles and organisational climate	207
7.3	Summary.....	210
8	CONCLUSIONS	211
8.1	Summary of Contribution to Knowledge	211
8.2	Implications from Marketing and Management Practice	212
8.2.1	Understanding how staff members perceive climate	213
8.2.2	Understanding the role of employees in determining successful outcomes.....	215
8.2.3	Understanding the role of leadership styles and organisational climate.....	216
8.3.	Limitations of the Study.....	217
8.4	Opportunities for Further Research	218
8.4.1	Role conflict and the ‘common-enemy’	219
8.4.2	Participation, autonomy and organisational climate	219
8.4.3	Leadership styles and organisational climate	220
8.4.4	The environment and organisational climate	221
8.4.5	An integrated approach	221
8.5	A final word	222
	References	223
	Appendices	
	Appendix A: Summary Themes	242
	Appendix B: Coding schemes with codes, definitions and dimensions	248
	Appendix C: Branches selected, including summary of branch variables.....	253
	Appendix D: Covering letter to staff and questionnaire	255
	Appendix E: Revised coding scheme with codes, definitions and dimensions	261

Appendix F: Coding sheets for the branches 267

Appendix G: Coding sheets for Branch 2..... 273

Appendix H: Coding summary sheets for all six branches..... 279

Appendix I: Staff profiles for the six branches..... 287

Appendix J: Branch 3, Customer Services Officer, CJ..... 291

Appendix K: Coding sheets for branch 3..... 294

Appendix L: Questionnaire Analysis 300

LIST OF TABLES

Chapter 2

2.1	Correlations between employee and customer variables	39
-----	------------------------------------------------------------	----

Chapter 4

4.1	Structure dimensions for the high retaining branches.....	104
4.2	Recognition and rewards dimensions for the high retaining branches.....	107
4.3	Cohesion dimensions for the high retaining branches.....	109
4.4	Warmth and support dimensions for the high retaining branches	110
4.5	Customer care dimensions for the high retaining branches.....	113

Chapter 5

5.1	Structure dimensions for the low retaining branches	158
5.2	Recognition and rewards dimensions for the low retaining branches.....	160
5.3	Cohesion dimensions for the low retaining branches	161
5.4	Warmth and support dimensions for the low retaining branches	163
5.5	Customer care dimensions for the low retaining branches	166

Chapter 6

6.1	A comparison of internal consistency scores	171
6.2	Questionnaire analysis	172
6.3	Summary of structure climate theme dimensions for high and low retaining branches.....	175
6.4	Summary of rewards and recognition climate theme dimensions for high and low retaining branches.....	178
6.5	Summary of cohesion climate them dimensions for high and low retaining branches.....	180
6.6	Summary of warmth and support climate theme dimensions for high and low retaining branches.....	181
6.7	Summary of customer care climate theme dimensions for high and low retaining branches.....	182
6.8	Ranking of the top ten climate dimensions for the high and low retaining branches.....	187

Chapter 7

7.1	Climate themes and dimension in high and low retaining branches.....	198
-----	----------------------------------------------------------------------	-----

LIST OF FIGURES

Chapter 2

2.1	Organisational climate and customer retention – a map of the literature	7
2.2	Profit impact of a 5 percentage points increase in customer retention for selected businesses.	15
2.3	Organisational climate dimensions	17
2.4	Expectancy theory model	25
2.5	Positioning of research study in relation to the literature	38

Chapter 3

3.1	Schematic illustration of the research design.....	55
3.2	Components of data analysis: Interactive model.....	59

Chapter 4

4.1	Key climate themes for Branch 1 in comparison with the average for the high retaining branches.....	69
4.2	Key climate themes for Branch 2 in comparison with the average for the high retaining branches.....	80
4.3	Key climate themes for Branch 3 in comparison with the average for the high retaining branches.....	91

Chapter 5

5.1	Key climate themes for Branch 4 in comparison with the average for the low retaining branches.....	117
5.2	Key climate themes for Branch 5 in comparison with the average for the low retaining branches.....	131
5.3	Key climate themes for Branch 6 in comparison with the average for the low retaining branches.....	144

Chapter 6

6.1	Profile of organisational climate themes for high and low retaining branches.....	174
-----	-----------------------------------------------------------------------------------	-----

Chapter 7

7.1	Profile of organisational climate themes for high and low retaining branches.....	190
7.2	Customer retention and role conflict and negative staff behaviour grid.....	200
7.3	Boundary-spanning relationships and the ‘common’ enemy.....	203
7.4	Types of employee discretion	205
7.5	Consideration, Warmth and Support and Organisation and Role Clarity.....	208

1 INTRODUCTION

The purpose of this chapter is to introduce the study and present the overall aim of the research. The chapter is presented in three sections. Section 1.1 describes the overall aim of the research. Section 1.2 describes the main aspects of the research design and methods. This section also summarises the main research findings. The chapter concludes with a summary of the structure of the thesis.

1.1 Research Aim

This section describes the origins of interest in the concept of customer retention and organisational climate and the potential for it being an important research topic. It outlines the aim of the research and describes the background to the banking industry.

1.1.1 Origins of interest

The stimulus for this study evolved from an initial interest in customer retention and in particular the plans and strategies that were being advocated as a means of improving retention. Most of the published work on customer retention focused on the impact of customer retention on company profitability and the development of plans and strategies to improve retention. It became increasingly apparent that there had been very little research into the determinants of customer retention, particularly from an organisational climate perspective. This had been particularly difficult for two main reasons. Firstly, many organisations did not understand the importance of improving customer retention rates and the impact that it can have on profitability and secondly, many organisations lacked the systems necessary to effectively measure customer retention.

Following this initial stimulus, an opportunity arose to work with a major UK retail bank and explore the relationship between employees' perceptions of organisational climate and customer retention rates, from a bank branch perspective. This was intellectually attractive and challenging, as although there had been many studies that had considered organisational climate and employee behaviour, no previous studies had looked at the relationship between climate and customer retention in a specific service setting.

An additional challenge was that previous work had mostly adopted quantitative research methods to empirically measure organisational climate. However, the bank was happy to support a study that adopted a predominantly qualitative case study research design as they were keen to fully explore and understand employees' perceptions of the 'micro' climate of individual branches and the relationship between that and customer retention. The aim of this research is, therefore, to examine the relationship between employees' perceptions of organisational climate and customer retention rates in a major UK retail bank.

There were three main reasons for selecting the retail banking industry as the focus for this research. Firstly, it was important to choose an industry that operated a branch

network so that it would be possible to examine the relationship between organisational climate in high and low retaining branches. By using one company within an industry it would then be possible to control for a number of variables for example, the products and services sold, the pricing of those products and services etc. Secondly, it was important to choose an industry that had a sufficiently large enough branch network, so that matched sets of branches could be selected. Thirdly, it was important to choose an industry that was capable of capturing customer retention data by branch.

Having selected the retail banking industry as the focus for the research, it became apparent that there were industry issues that were relevant to this study.

- a) The 1980s were the golden years for retail banking in the UK. Customers were mostly loyal, were prepared to pay for bank overdrafts, wanted as much credit as possible and seized on the new branded products available. However, in recent years the banking industry has been subjected to major changes. Increasing competition not only from other financial services companies but also from other retailers entering the financial services arena and trends towards financial conglomeration has led to an increasingly complex financial services environment.
- b) There is now rapid product and service imitation. This has resulted in banks struggling to maintain a competitive advantage in this increasingly competitive environment.
- c) Customers are now more careful with their money. They are increasingly sophisticated and are becoming increasingly dissatisfied with poor levels of customer care offered by retail banks. Customers are now more than ever prepared to consider changing their bank. Research by the Forum for Private Business (1993) shows that customers on average are more than 50% likely to have considered changing their bank. In terms of actual behaviour, recent research undertaken by Research International into UK current accounts shows that on average, customers switch banks every 12.4 years. It is expected that this figure will decrease in the future as frequent switching among banking customers becomes increasingly easier (Clark and McNeil, 2000).
- d) In the UK, the personal current account market has almost reached saturation and as customer acquisition can be very expensive, customer retention and the maintenance of long-term customer relationships is becoming increasingly important for retail banks trying to improve their performance.

Banks are therefore beginning to realise the importance of customer management and it is important that they not only understand the underlying factors that affect customer retention, but that they also understand the role that retention marketing can play in formulating future strategies and plans.

1.2 Research Overview

This section provides an overview of the research design, the methods used and methodological position. The methodology is explained in greater detail in Chapter 3. It also summarises the main research findings from the study. The section concludes with a justification of the research and a summary of the structure of the thesis.

1.2.1 Overview of research design and methods

This study pursued a multiple-case embedded research design. The main feature of which was a set of six case studies of bank branches from within the same organisation. Three of them had low customer retention rates and three had high customer retention rates. The high and low retaining branches were matched as closely as possible by taking into account variables such as geographic location, competition, branch size, number of staff, demographic profile of the customers etc. Within each of the branches, individual employees' perceptions of organisational climate were studied and these individuals were the sub-units of analysis. It should be stressed that the researcher did not know whether the retention rates of the individual branches were high or low until after the interviews in the branches had taken place.

The methodology adopted for this study was a 'within method' triangulation approach, which predominantly used qualitative research techniques, supported by some quantitative research methods. The rationale for adopting this approach and linking qualitative and quantitative research methods, was to overcome some of the limitations of climate research that had previously been undertaken (see Section 2.3.2). By doing this it was hoped that the weaknesses of one method would be compensated by the strengths of another, as these do not necessarily share the same weaknesses or potential for bias.

The principal methods used for data collection included: interviews, documentation, archival records, direct observation and survey. The within-case analysis for the bank branches followed the approach recommended by Miles and Huberman (1994). This begins with data collection and moves on to data reduction, data display and conclusion drawing and verification. The cross-case analysis between the branches adopted the approach recommended by Miles and Huberman (1994) called 'stacking comparable cases'. Each case was written up using a standard set of themes that cut across the cases, allowing for systematic comparisons to be made and uniqueness to emerge as appropriate. The quantitative data analysis was undertaken by using SPSS to calculate the correlation coefficients between the employees' perceptions of organisational climate and customer retention rates for each of the bank branches.

The philosophical approach adopted for this thesis is that of the 'realist'. The realist ontology adopts an 'interpretivist' position but accepts that scientific method can help in understanding. It is argued that whilst the realist ontology forms the basis for the 'within method' triangulation approach adopted for this thesis, the choice of this methodology is not necessarily linked to epistemological preferences.

1.2.2 Summary of main research findings

There are two main contributions to knowledge made by this study. These are described in detail in Chapter 7 and summarised here to provide an overall view of the main findings of the study:

1. This study has shown that there is a relationship between employees' perceptions of organisational climate and customer retention rates at a micro-organisational level in a UK bank. Climate is a 'micro' phenomenon, which is sensitive to localised practices and procedures within the bank branch. It is also sensitive to management styles and behaviours in the branch and therefore, can only effectively be managed by engaging with the organisation at the bank branch level.
2. This study has also shown how employees perceive organisational climate in relation to customer care at the branch level. Organisational climate has been categorised and sub-divided into five climate themes:
 - (i) Structure
 - (ii) Recognition and rewards
 - (iii) Cohesion
 - (iv) Warmth and support
 - (v) Customer care

Within the climate themes there are also climate dimensions. A key finding, therefore, is identifying that there are certain dimensions of organisational climate that are critical to customer retention and others which are less critical or irrelevant. It is important to recognise that it is the themes and dimensions *taken together* that form the climate for 'customer care' in a specific setting and not the individual climate themes and dimensions.

The marketing implications of these findings, particularly those relating to what constitutes a successful climate for customer care, what is the role of employees in determining successful outcomes for service organisations, and understanding the role of leadership styles and organisational climate, will be of interest to practitioners and academics alike. They should be able to use the information gained from this research to improve customer satisfaction and develop more effective customer retention strategies.

1.2.3 Structure of the thesis

This thesis is made up of eight chapters, as follows:

Chapter 1 the introduction, covers the background to the research and the research aim. It also includes the research overview, the design, methods and methodological position. A summary of the research findings is also presented.

Chapter 2 reviews the literature. This is examined in three main sections. The first section traces the linkages in the literature between organisational climate, employee behaviour and satisfaction and customer retention. The second section identifies some of the themes and dimensions that exist in employees' perceptions of climate and those that are likely to relate to customer care and customer retention. These climate themes and dimensions were reviewed and criteria applied in an attempt to limit their number to a manageable and comprehensive set on which to base the study. The third section identifies the aim of the research, the research gap and the formulation of two research questions. The research questions identified are: 'What are bank employees' perceptions of organisational climate in relation to customer care at the branch level?' and 'How do bank employees' perceptions of organisational climate relate to customer retention at the branch level?'.

Chapter 3 describes the methodology and design. The chapter builds on the research aims and questions outlined in the previous chapter. It reviews the methodological position which guides and justifies the research design and the methods adopted for this study. It provides a schematic illustration of the research design for the study and outlines the data collection methods that were used in the study as well as the methods for data analysis. The chapter concludes with a section on methods for verifying qualitative data.

Chapter 4 is the first of two chapters that review the results of the qualitative analysis of the bank branches or case studies. Chapter 4 reviews the results of the three high retaining bank branches. The chapter analyses each of the high retaining branches in turn and includes an analysis of the consolidated data from these three branches

Chapter 5 reviews the results of the qualitative analysis for the three low retaining bank branches. This chapter analyses each of the low retaining branches in turn and includes an analysis of the consolidated data from these three branches.

Chapter 6 provides a cross-case analysis of the high retaining branches and the low retaining branches. It presents the qualitative and quantitative analysis of the branches and summarises the key climate themes that have emerged from the analysis.

Chapter 7 reviews the analysis presented in the previous three chapters and explains the study's contribution to knowledge.

Chapter 8 presents the conclusion to the thesis. This chapter summarises the study's contribution to knowledge, considers implications for researchers and practitioners and discusses the limitations of the study. Finally, future opportunities for research are identified.

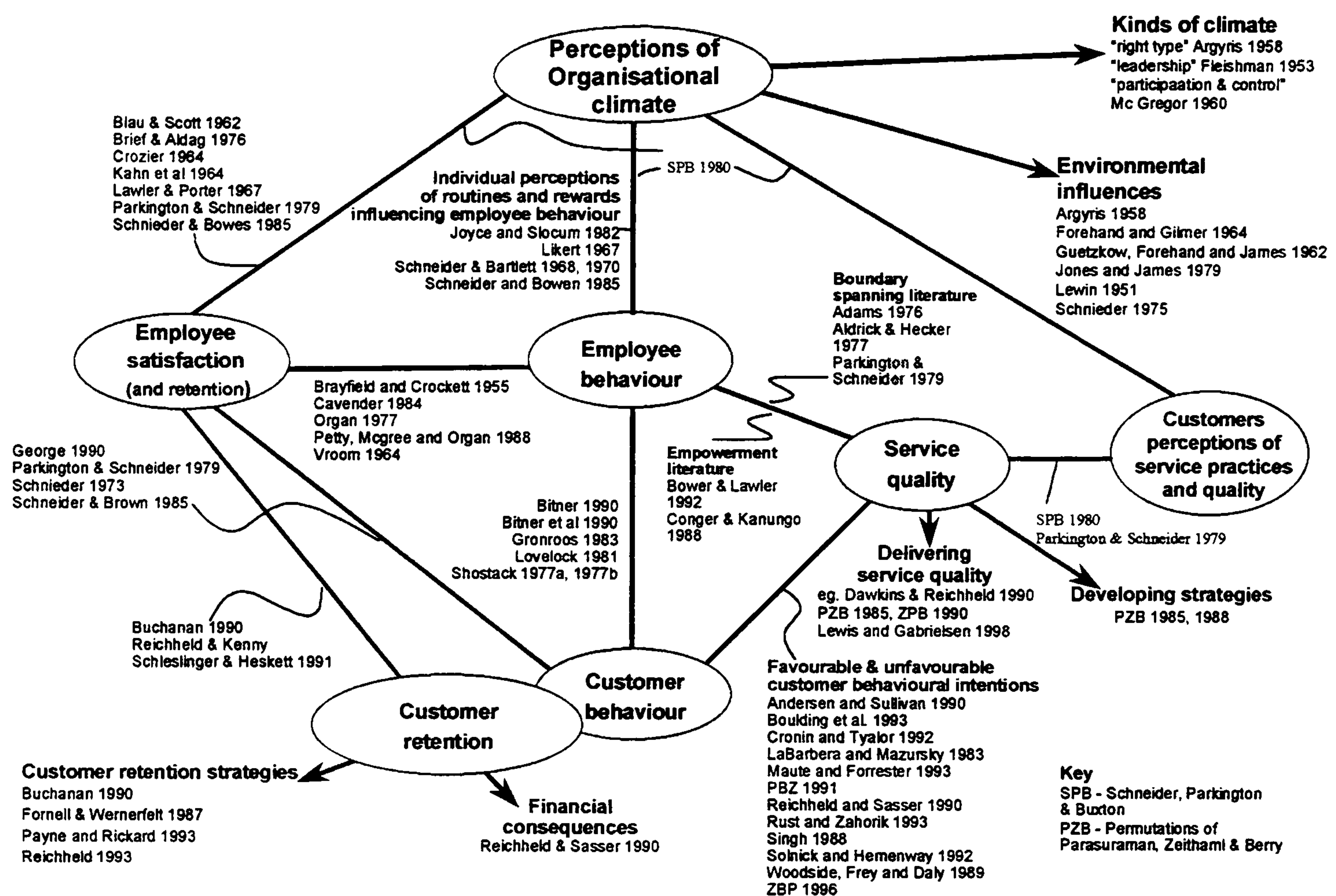
2 LITERATURE REVIEW

The purpose of this chapter is to review the literature relating to organisational climate and customer retention and to position the research study in relation to the literature. Section 2.1 examines the relationship between organisational climate and customer retention. Section 2.2 identifies the main organisational climate themes and those that are likely to relate to customer care and customer retention. Section 2.3 explains the aim of the research in greater detail, examines the gap in the literature and poses two research questions. Section 2.4 summarises the chapter.

2.1 The Impact of Organisational Climate on Customer Retention

Figure 2.1 presents a map of the literature, which depicts the linkages between organisational climate, employee satisfaction and behaviour and customer retention. A review of the literature relating to these linkages will now be undertaken within the following five sections. The first section will consider the literature relating to the linkages between organisational climate and employee behaviour and employee satisfaction. The next section will then trace the links between employee behaviour, service quality and customer behaviour. The third section will consider the literature relating to employee satisfaction, employee behaviour and customer behaviour. The fourth section traces the links between service quality, customer behaviour and financial consequences. The final section will then look at the literature relating to customer retention, the profit impact of customer retention and the strategies for customer retention.

Figure 2.1: Organisational climate and customer retention – a map of the literature (this is intended to be illustrative not exhaustive)



2.1.1 Linking organisational climate and employee behaviour and employee satisfaction

Organisational climate has been loosely used to refer to a broad group of organisational and perceptual variables that reflect individual organisational interactions (Howe, 1977) and affect individuals' behaviour in organisations (Jones and James, 1979; Schneider, 1975). A person's environment, as a determinant of behaviour, has been a cornerstone of the field, dating back to Lewin's (1951) formulation of behaviour as a function of the person and their psychological environment. Over the years, there has been an increasing concern not only with psychological environment but also with social, organisational and situational influences on behaviour. Organisational climate was originally used to refer to many of these environmental influences (Argyris, 1958; Forehand and Gilmer, 1964; Guetzkow, Forehand and James, 1962) and many of the early studies tended to emphasise a particular kind of climate in the research. For example, the 'right type' of climate (Argyris, 1958); the climate for leadership (Fleishman, 1953) and the climate for participation and control created by managers (McGregor, 1960).

Studies of climate since the mid 1960s have tended to use individuals' perceptions of routines and rewards as the basic data for climate research (for example, Likert, 1967; Schneider and Bartlett, 1968, 1970; Joyce and Slocum, 1982; Schneider and Bowen, 1985). The basic assumption being that individuals' perceptions of routines and

rewards influence their behaviour. Perceptions have therefore become the basic diagnostic data for climate research.

Climate has been described by Schneider, Gunnarson and Niles-Jolly (1994: 2) as ‘the feeling in the air’ that one gets from walking around a company. Schneider (1990: 384) defines it as ‘incumbents’ perceptions of the events, practices, and procedures and the kinds of behaviours that get rewarded, supported and expected in a setting’. The events, practices, and procedures of organisations are referred to as the routines of a setting and the behaviours that get rewarded, supported and expected are the rewards of the setting. Climate can, therefore, be created by employees observing what happens to them and around them (the routines and rewards of a particular setting) and then drawing conclusions about their organisation’s priorities and what is valued by the organisation. They then set their own priorities accordingly. These perceptions then provide employees with direction and orientation about where they should focus their energies and competencies, which, in turn, becomes a major factor in creating a climate. For example, in a company like 3M, employees observe that the policies and practices of the company encourage innovation and that the employees are rewarded for giving warm and friendly service. The employees are then able to conclude that the company values innovation and good service, which provides employees with direction and orientation about where they should focus their energies and competencies. This in turn fosters a climate for innovation and service success (Schneider, Gunnarson and Niles-Jolly, 1994).

Because employees’ perceptions of organisational climate can influence behavioural outcomes, it is reasonable to assume that within a service organisation setting, the organisation’s climate can impact on employee behaviour and hence on the relationships those service employees have with customers. The key, therefore, to customer satisfaction and retention, is based upon the extent to which an appropriate climate can be engendered whereby employees see as their major priority the satisfaction and retention of customers. Benjamin Schneider from the University of Maryland is a major contributor to this field of research. He, and his co-authors have provided evidence regarding possible linkages between the internal customer service climate and its impact upon employee satisfaction and retention (employee turnover intention) and customer satisfaction and retention (customer turnover intention). They found that employee attitudes and customer attitudes were related to their own and one another’s turnover intentions (Schneider, 1973; Schneider, Parkington and Buxton, 1980; Schneider and Bowen, 1985) and service quality (Schneider, White and Paul, 1998). Similarly, other research has shown the influence of climate on job satisfaction and individual job performance (Friedlander and Marguiles, 1969; Pritchard and Karasick, 1973; Day and Bedeian, 1991). Work undertaken by Bain & Company, (Buchanan, 1990; Reichheld and Kenny, 1990), and Schlesinger and Heskett (1991) also suggests a strong link between these two variables

2.1.2 Linking employee behaviour, service quality and customer behaviour

Employee behaviour plays a critical role in determining the level of service quality that is experienced by customers and hence their level of satisfaction with the company and

their willingness to either remain with the company or defect. In labour intensive organisations, the quality of service is determined mostly by the skills and attitudes of the people producing the services (Lewis and Gabrielsen, 1998). All employees are, in fact, part of the process that connects with the customer at the point of sale or 'moment of truth' (Norman, 1984; Carlzon, 1987). Employees can, therefore, enhance the level of satisfaction customers will experience with a company (Bejou, Ennew and Palmer, 1998; Zeithaml, Berry and Parasuraman, 1988). Greater customer satisfaction will in turn lead to repeat purchases and positive word-of-mouth communications (Bitner, 1990).

In service organisations, employees form particularly close relationships with customers. They do so for three main reasons. Firstly, employees and customers often work together in the creation of many services, where services are produced by employees and consumed by customers simultaneously (Berry, 1980; Lovelock, 1981). Secondly, because of the intangibility of services, customers often rely on employees' behaviour in forming opinions about the service offering (Shostack, 1977a, 1977b; Gronroos, 1983; Gronroos, 1990). Thirdly, because of these two functions, employees can actually become part of the service in the customers' eyes and part of the image that a customer has of the business. Therefore, employees can play a pivotal role in determining the success of the company (Lovelock, 1981; Bitner, 1990; Bitner, Booms and Tetreault, 1990). For these reasons employees of service organisations are often said to occupy boundary-spanning positions (Adams, 1976). This results in them being as close psychologically and physically to the organisation's customers as they are to other employees within the company, or perhaps even closer (Aldrich and Herker, 1977; Parkington and Schneider, 1979). They are sensitive not only to customer requirements and concerns but also to organisational practices and procedures in relation to the provision of service (Schneider, Parkington and Buxton, 1980). The consequence of this is that customers and employees often share common perceptions, particularly about service quality. Service organisations can, in fact, be described as transparent, as the perceptions of some organisational practices and procedures are visible not only to the employees but also to the customers (Schneider, Parkington and Buxton, 1980). Further support for this argument is found in Schneider, White and Paul (1998), as well as linking climate for service to customer perceptions of service quality, they have also found evidence for possible linkages of a reciprocal effect for climate and customer perceptions. They argue that if reciprocity is reliable, then relationships between internal and external constituencies must be seen in a new light '...not as independent actors but as integral units. Furthermore, the notions of boundaries between organizations and the customers they serve must be replaced by, at a minimum, highly permeable boundaries' (Schneider, White and Paul, 1998: 161), .

There are a number of specific employee attitudes and behaviours, which have been shown to positively affect customers' perceptions of service quality. Bitner, Booms and Tetreault (1990) and Bitner (1990) have identified that customers are more satisfied with the service when employees possess the ability, willingness and skills to solve their problems. Bateson (1985) has found that contact employees are better able to satisfy customers when the employee has some control over the service encounter. Research has also shown that an employee's ability to adapt to special needs and requests enhances customers' perceptions of the service encounter (Bitner, Booms and Tetreault, 1990). Lastly, a number of studies have identified that the friendliness,

enthusiasm and attentiveness of contact employees positively affect customers' perceptions of service quality (Bowen and Schneider, 1988; Rafaeli, 1993).

Empowerment plays a key role in linking employee behaviour to service quality and customer behaviour. Empowerment involves providing the conditions that stimulate employees to act in a committed, concerned and involved way in doing their work (Zemke, 1988). It has also been defined as a situation in which the manager gives employees the discretion to make day-to-day decisions about job-related activities (Bowen and Lawler, 1992; Conger and Kanungo, 1988). Empowerment is considered to be important because boundary-spanning employees need flexibility to make immediate decisions to help satisfy customers. Bowen and Lawler (1992) argue that empowered employees feel better about their jobs and more enthusiastic about serving customers, resulting in faster responses to customer needs and increased customer satisfaction. Similar constructs to empowerment also provide positive findings. Task autonomy has been associated with increases in job satisfaction, and decreases in role stress (Brown and Peterson, 1993). The exercise of the appropriate level of employee discretion is more likely to lead to more favourable evaluations of service quality (Parasuraman, Zeithaml and Berry, 1985). Similarly Singh's (1993) research shows that boundary-spanning employees who are given job autonomy experience significantly less role ambiguity (see Section 2.1.3 below). One of the main outcomes of empowerment is increased employee self-efficacy (Conger and Kanungo, 1988). Basically, as employees gain more discretion over their jobs they become more effective as they decide the best way to do their job (Gist and Mitchell, 1992). Hartline and Ferrell (1996) have also found that managers who are committed to service quality are more likely to empower their employees and use behaviour-based evaluation. If managers want to increase customers' perceptions of service quality, then the managers must increase employees' self-efficacy and job satisfaction, and reduce employees' role conflict and ambiguity (see Section 2.1.3 below).

2.1.3 Linking employee satisfaction, employee behaviour and customer behaviour

The link between employee satisfaction and employee performance has been challenged (for example, Brayfield and Crockett, 1955; Vroom, 1964; Organ, 1977). However, a meta-analysis conducted by Petty, McGee and Cavender (1984) concluded that job satisfaction and performance are indeed positively correlated. Moreover, job satisfaction has been shown to relate positively with specific facets of performance like organisational citizenship behaviour (Organ, 1988), which is employee behaviour that is not formally required in a job description but is nevertheless critical for organisational success (for example, helping co-workers, volunteering for extra assignments). As previously discussed (see Sections 2.1.1 and 2.1.2) a number of research studies have also found support for linkages between employee satisfaction and retention and customer satisfaction and retention (Bitner, Booms and Tetreault, 1990; Buchanan, 1990; Reichheld and Kenny, 1990; Rucci, Kirn and Quinn, 1998; Schlesinger and Heskett, 1991; Schneider, 1973; Schneider, Parkington and Buxton, 1980). Buchanan (1990) and Reichheld and Kenny (1990) maintain that high customer retention will lead to higher employee satisfaction, as employees will find their job much easier dealing with satisfied customers rather than dissatisfied customers. As a

result, employees will stay longer with the company: 'Higher retention of the right calibre of employees creates a stable and experienced labour force that delivers higher service quality at lower cost to the customer - raising customer value. This in turn leads to higher customer retention and... sustainably high profits and growth' (Buchanan, 1990: 3).

The advantages of long-term employees is that they are often able to form personal relationships with customers, understand their needs and possibly be able to pre-empt dissatisfied customers leaving the company. Schneider and Bowen (1985) have found that when employees identify with the norms and values of an organisation, they are less inclined to leave and furthermore, customers are likely to be more satisfied with the service. In addition to this '...when employee turnover is minimised, service values and norms are more easily transmitted to newcomers and successive generations of service employees' (Bowen and Schneider, 1988: 65). Employee satisfaction in internal markets is, therefore, a prerequisite to customer satisfaction in external markets. The basic philosophy is that if management wants its employees to do a great job with customers, then it must be prepared to do a great job with its employees (George, 1990).

As well as favourable outcomes for boundary-spanning employees there are, however, a number of potentially unfavourable outcomes that may result. This is particularly likely when employees perceive the climate of the organisation and hence management to be less service orientated than themselves – for example by emphasising rules and procedures rather than meeting customer needs. Empirical research has shown that the greater the discrepancy or conflict between perceptions of management and customer demands, the greater the experienced role stress, job dissatisfaction and poor role clarity of employees (Churchill, Ford and Walker, 1985; Kelly, Gable and Hise, 1981; Walker, Churchill and Ford, 1975). Parkington and Schneider (1979) found that 'service-orientation discrepancy' and role conflict, are related to low job satisfaction, high staff turnover, high levels of frustration and customers' perceptions that service quality is poor. Miles (1976) also demonstrated that the nature of boundary roles is such that incumbents experience relatively high levels of role conflict. More specifically, service employees in bureaucratic organisations who serve both the system and the customers tend to experience role conflict and ambiguity (Blau and Scott, 1962; Crozier, 1964; Kahn et. al., 1964). Role conflict and ambiguity have also been shown to be related to other negative employee outcomes. These include: job dissatisfaction, frustration, a lack of confidence in the organisation (Kahn et. al., 1964); a propensity to leave the company (Brief and Aldag, 1976; Bedeian and Armenakis, 1981; Schneider and Bowen, 1985); poor job performance (Rizzo, House and Lirtzman, 1970); reduced job satisfaction and performance (Singh, 1988); job dissatisfaction and job induced tension (Bedeian and Armenakis, 1981) and increased absenteeism (Lawler and Porter, 1967).

Service-orientation discrepancy is likely to be exacerbated because people tend to choose jobs that fit their personality type (Holland, 1976; Super, 1953). Therefore, if service employees are generally sociable and enterprising and want to give good service but find themselves working for organisations and managers where they are unable to fulfil these goals, then they are more likely to experience role stress and ambiguity and have greater turnover intentions (Parkington and Schneider, 1979).

Role stress and ambiguity can also lead to reduced levels of employee motivation and job satisfaction which in turn can manifest itself in poor customer satisfaction and retention (turnover intention) (Parkington and Schneider, 1979; Kelley, 1990). Kelley surveyed four financial institutions in the Midwest United States. He found that many bank managers are asking tellers to perform a larger variety of tasks and that although this should be beneficial in reducing the monotony of the job, it can actually lead to stress if the bank management fails to clearly define what is expected of the tellers.

The extent, therefore to which organisations can attract, keep and motivate quality personnel will influence their capability to offer quality services to their customers. Consistently offering services that match the requirements of the external customer will be an important factor in building strong, long-lasting customer relationships.

2.1.4 Linking service quality to customer behaviour and financial consequences

The issue of service quality and its measurement, has received considerable attention in the marketing literature (Berry, Zeithaml and Parasuraman, 1985; Bolton and Drew, 1992; Brown and Swartz, 1989; Carman, 1990; Chenet, Tynan and Money, 1999; Cronin and Taylor, 1992, 1994; Hostage, 1975; Johnson, Tsiros and Lanciaioni, 1995; McDougall and Levesque, 1994; Olshavsky and Miller, 1972; Parasuraman, Zeithaml and Berry, 1985, 1988, 1994a, 1994b; Parasuraman, Berry and Zeithaml, 1990; Swartz and Brown, 1989; Teas, 1994; Zeithaml, 1988; Zeithaml, Berry and Parasuramen, 1988; Zeithaml, Parasuraman and Berry, 1990). Delivering quality service is considered to be an essential strategy for success and survival in today's ever-increasing competitive environment (Dawkins and Reichheld, 1990; Lewis and Gabrielsen, 1998; Parasuraman, Zeithaml and Berry, 1985; Reichheld and Sasser, 1990; Zeithaml, Parasuraman and Berry, 1990).

During the 1980s, both academics and practitioners primarily focused on determining what service quality means to customers and on developing strategies to meet customer expectations (for example, Parasuraman, Zeithaml and Berry, 1985, 1988). Since that time, many organisations have implemented measurement and management approaches to improve their service (Smith and Lewis, 1989). The key focus of activity now involves understanding the impact of service quality on customer behaviour, profit and other financial outcomes (Narver and Slater, 1990; Greising, 1994; Storbacka, Strandvik and Gronroos, 1994; Rust, Zahorik and Keiningham, 1995). Zeithaml (2000), presents a thorough review of the literature relating to service quality and profitability and argues that despite numerous studies in this field, there are still many opportunities for future empirical research.

There have been a number of studies that have examined the linkages between service quality and favourable and unfavourable customer behavioural intentions. Those considering favourable customer behavioural intention include studies that consider service quality and customer satisfaction (Cronin and Taylor, 1992; Anderson and Sullivan, 1990) and service quality, customer satisfaction and behavioural intentions (Woodside, Frey and Daly, 1989). Others explore more specific behavioural intentions.

For example, saying positive things about the company to others (Boulding et. al., 1993) or recommending the company or service to others (Parasuraman, Berry and Zeithaml, 1991; Reichheld and Sasser, 1990) and paying a price premium to the company and remaining loyal to the company (LaBarbera and Mazursky, 1983; Rust and Zahorik, 1993). Studies linking service quality with unfavourable customer behaviour intentions include Singh (1988), Maute and Forrester (1993) and Solnick and Hemenway (1992). In considering the linkages between service quality and both favourable and unfavourable behavioural intentions, Zeithaml, Berry and Parasuraman (1996) offer strong empirical support for the notion that improving service quality can increase favourable behavioural intentions to remain and decrease unfavourable intentions to defect from a company. Ennew and Binks (1996) in the context of an empirical research into the UK banking sectors and the banks' relationships with small business customers have also found support for the hypothesis that loyalty/retention is influenced by service quality and customer relationships. They also found that trust in the banking relationships has the largest impact on potential defections.

The financial implications of customer retention and defection will be outlined in the following section. There are, however, a number of other significant associations between service quality, marketing variables and profitability that have been uncovered by studies using the PIMS (Profit Impact of Market Strategy) data set. Findings from these studies show that companies offering superior service achieve higher-than-normal market share growth (Buzzell and Gale, 1987), and that the mechanisms by which service quality influences profits include increased market share and premium prices (Phillips, Chang and Buzzell, 1983). They also show and that businesses in the top quintile of relative service quality on average realise an 8% higher price than competitors (Gale, 1992). Large companies, which have multiple outlets also, suggest a positive quality profitability relationship. For example, The Hospital Corporation of America found a strong link between perceived patient care and profitability across its many hospitals (Koska, 1990). The Ford Motor Company has also demonstrated that dealers with high service quality scores have higher than normal profit, return on investment and profit per new vehicle sold (Ford Motor Company, 1990).

Since these early studies using the PIMS data base there has been an explosion of interest in the area of service quality, customer satisfaction and customer retention and profitability. Fornell (1992) documents the aggregate financial implications of customer satisfaction across many industries in a large Swedish study, and these results were later extended (Anderson, Fornell and Lehmann, 1994). Rust, Subramanian and Wells (1992) document the financial impact of complaint recovery systems. Nelson and colleagues (1993) explore the impact of service quality on repurchase intentions, Kordupleski, Rust and Zahorik (1993) show the links between product quality, service quality and market share and Rust and Zahorik (1993) explore the diminishing returns and market share implications of quality expenditures. Finally, Hauser, Simester and Wernerfelt (1994) analyse the financial implications of using customer satisfaction in employee incentive schemes. Researchers that discussed the linkages between satisfaction, loyalty and profitability include: Narver and Slater (1990); Gummesson (1993); Heskett, Sasser and Hart (1990); Heskett et. al. (1994); Rust, Zahorik and Kenningham (1995) and Storbacka, Strandvik and Gronroos (1994).

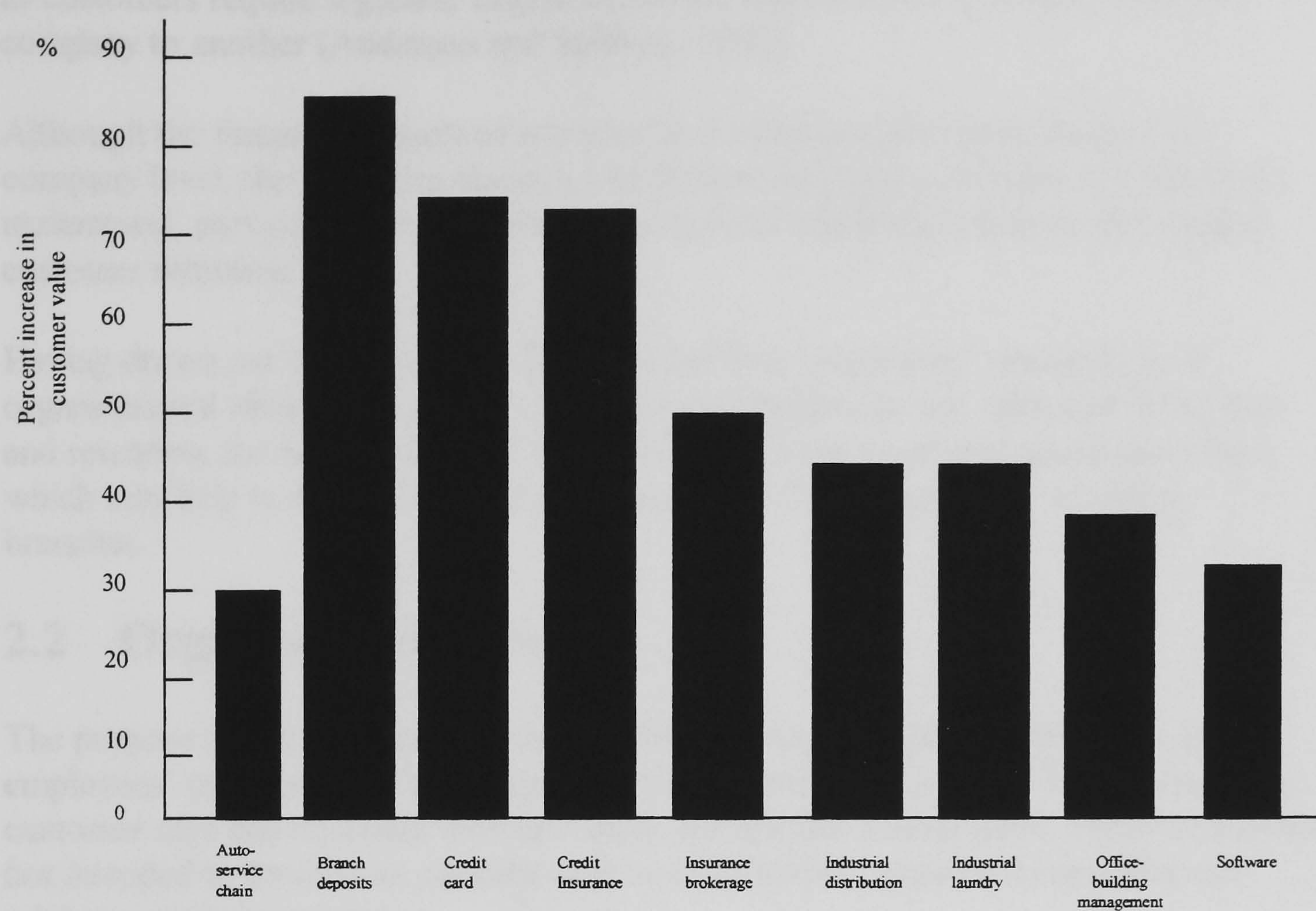
2.1.5 Customer retention, the profit impact of customer retention and strategies for customer retention

A study of the marketing literature reveals there was little attention directed at customer retention prior to the 1980s (for an exception see Fenvessy, 1976). Early work on this topic focused on both industrial markets (Levitt, 1983 and Bund Jackson, 1985) and service markets (Berry, 1983). However, whilst much of this literature argued the importance of retaining customers, virtually none of it examined the economics of customer retention.

Most of the work since the start of the 1990s has focused on the impact of retention on company profitability. The pioneers in researching the economic benefits of customer retention are Bain & Company, a US consulting firm. Their research (Reichheld and Sasser, 1990; Reichheld, 1994) suggests that not only is there a high correlation between customer retention and company profitability but that tremendous profit potential can be unlocked by retaining customers. Plans and strategies for companies to follow have been suggested to improve customer retention (for example, Fornell and Wernerfelt, 1987, 1988; Anderson and Sullivan, 1990; Buchanan and Gillies, 1990; Buchanan, 1990; Reichheld and Kenny, 1990; Dawkins and Reichheld, 1990; Reichheld and Sasser, 1990; Reichheld, 1991/92; Reichheld, 1993; Payne and Rickard, 1993, Gerson, 1998). Mathematical models and analysis for measuring customer retention and defection have also been developed to enable a more effective allocation of scarce resources (Page, Pitt and Berthon, 1996; Payne and Rickard, 1996).

Figure 2.2 illustrates the profit impact of a five percentage points increase in customer retention for a range of businesses. These examples show improvement in profitability, in net present value terms, from 20 per cent to 85 per cent.

Figure 2.2: Profit impact of a 5 percentage points increase in customer retention for selected businesses.



*Calculated by comparing the net present values of the profit streams for the average customer life at current defection rates with the net present values of the profit streams for the average customer life at 5% lower defection rates.

Source: Based on Reichheld, F.F. and Sasser, W.E. Jr. (1990) ‘Zero Defections: Quality Comes to Services’, Harvard Business Review, September-October: 105-111.

The effects of longevity of a customer’s relationship on profits can be explained by several factors. The initial costs of acquiring and establishing a customer have already been absorbed, and, due to experience curve effects, they can be served more effectively (Reichheld and Sasser, 1990; Reichheld, 1994). Rose (1990) also supports this view, noting that profit from a ten-year credit card customer is on average three times greater than for a five-year customer. Long-term customers tend to be less price sensitive, permitting higher prices to be charged because these customers value maintaining the relationship or have higher switching costs. However, customers who remain with a company for a period of years are likely to be satisfied with the service and are therefore likely to provide free word-of-mouth advertising and referrals and purchase additional services.

The financial impacts of customer defections have also been assessed. Reichheld and Sasser suggest that customer defections have a stronger impact on a company’s profits than ‘scale, market share, unit costs, and many other factors usually associated with competitive advantage’ (1990: 105). They therefore, extol the benefits of zero defections as an overall company performance standard. When customers defect, new ones must be attracted to replace them. Attracting new customers can be very

expensive. It can involve advertising, promotion and sales costs as well as all the start-up operating costs. Acquiring customers from other companies is also very expensive, as customers require a greater degree of service improvement to switch from one company to another (Anderson and Sullivan, 1990).

Although the financial impacts of retention and defection have been studied at a company level, the processes through which these impacts occur have not been well understood, particularly the role that organisational climate can play in determining customer retention.

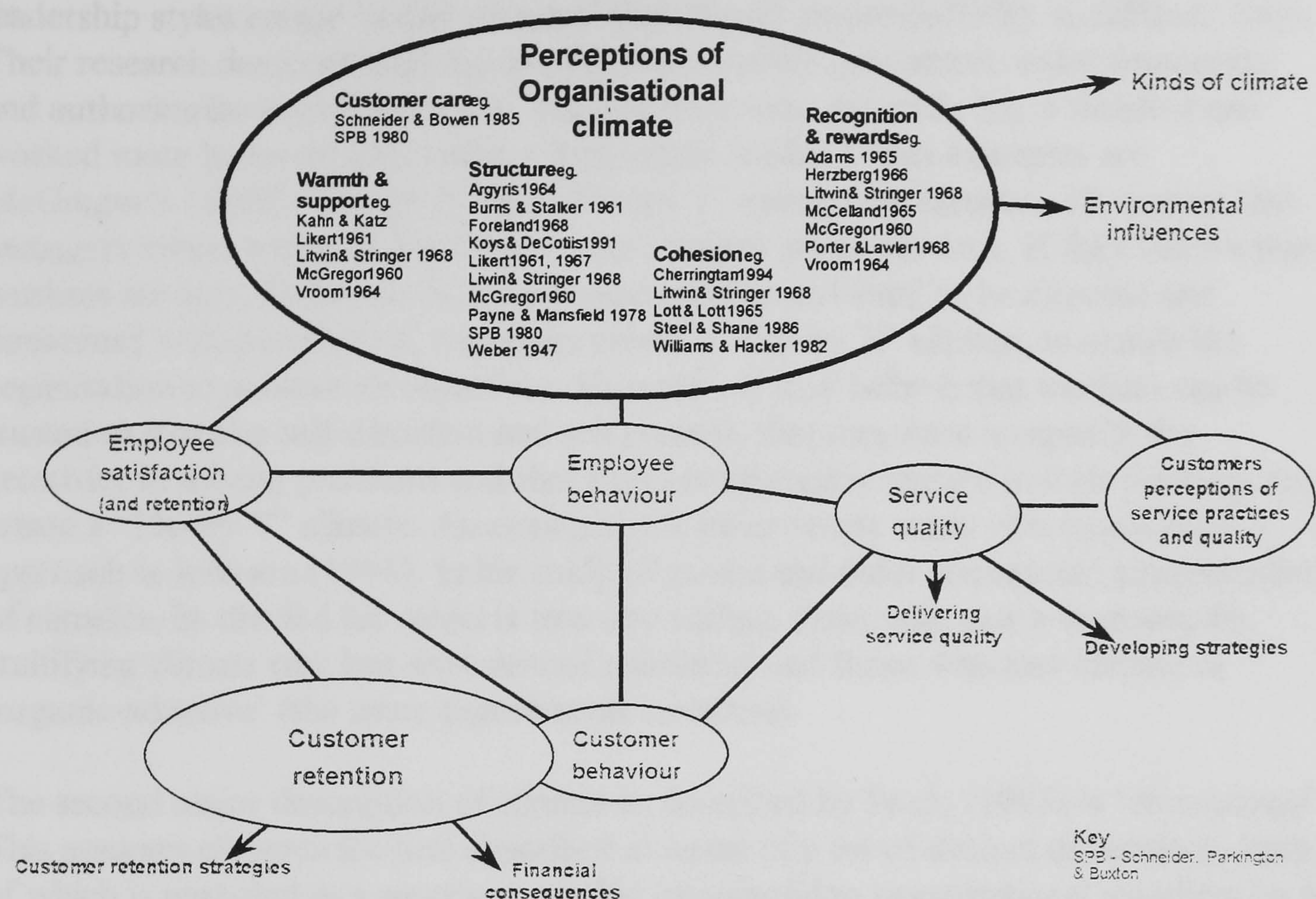
Having drawn out the links in the literature between employees' perceptions of organisational climate, employee satisfaction and behaviour and customer behaviour and retention, the next section will identify the key aspects of organisational climate which may help to explain contrasts between high and low customer retaining branches.

2.2 Organisational Climate

The purpose of this section is to identify some of the major themes that exist in employees' perceptions of organisational climate and those that are likely to relate to customer care and customer retention rates at a specific branch level. These themes are not intended to provide an exhaustive account of all the potential themes that can relate to customer retention.

The starting point for developing these themes is to review the literature relating to descriptions of organisational climate and to distil from that literature summary themes, which will provide the basis for the analysis of the high and low retaining branches. Figure 2.3 extends Figure 2.1, however, it now highlights the organisational climate themes and summarises the literature relating to those themes.

Figure 2.3: Organisational climate dimensions



2.2.1 Descriptions of organisational climate

The study of climates in organisations has been difficult because it is a complex, multilevel phenomenon (Glick, 1985). Nevertheless, considerable progress has been made in conceptualising the climate construct, with regular reviews of the literature being undertaken and numerous empirical studies being conducted (Campbell et. al., 1970; Glick, 1985; Hellriegel and Slocum, 1974; James and Jones, 1974; Joyce and Slocum, 1984; Litwin and Stringer, 1968; Payne and Pugh, 1975; Rentsch, 1990; Rousseau, 1988; Schneider and Reichers 1983; Schneider, 1990). For example, the literature discusses two kinds of climate: psychological and organisational. The former is studied at the individual level of analysis while the other is studied at the organisational level. Both, however, are considered to be multi-dimensional phenomena, descriptive of the nature of employees' perceptions of their experiences within an organisation and as such should be retained as useful categories of variables for multidimensional assessments of individual-organisational relationships (Glick, 1985).

There is, however, little agreement on the dimensionality and measurement of the climate construct, but according to Poole (1985) strategies for the description of climates fall into two major categories: typological descriptions and dimensional descriptions. First, 'typological' descriptions identify types of climates, for example, democratic or bureaucratic climates. This approach typifies climates as 'wholes' and these types can be rated on dimensions, but must not be reduced to dimensions. For

example, a democratic climate is high in supportiveness, low in structure and emphasises rewards rather than punishments. The earliest and most famous examples of this are outlined by Lewin, Lippitt and White (1939). They argued that different leadership styles create 'social climates' that impact on productivity in different ways. Their research demonstrated that people were equally productive under democratic and authoritarian leadership styles, but that they were generally more satisfied and worked more harmoniously under a democratic leader. Other examples are McGregor's (1960) 'Theory X' and 'Theory Y' managerial climates. He argued that managers create a climate that reflects their beliefs about workers. If they believe that workers are lazy, dislike work, avoid responsibility and need to be directed and threatened with punishment, managers create a 'Theory X' climate, to enable the organisation to achieve its objectives. However, if they believe that workers can be trusted to exercise self-direction and self control, that they have a capacity for creativity in solving problems and that they are inherently mature in their thinking, they create a 'Theory Y' climate. An example of a more recent study of a typological approach is Johnson (1976). In his study of newer and older employees' interpretations of climates, he divided his subjects into two camps, those who saw a bureaucratic, stultifying climate (the less experienced members) and those who saw climate as 'organic-adaptive' (the more experienced members).

The second major description of climate as described by Poole (1985) is 'dimensional'. This assumes climates are best described in terms of a set of distinct dimensions, each of which is regarded as a separate variable meaningful to organisational members on its own terms (for example, 'degree of supportiveness'). Situational variations in climates are then reflected in different values on the various dimensions. Within the dimensional strategy some researchers have attempted to specify dimensions that hold across organisations and describe climate in general. Litwin and Stringer's (1968) eight dimensions of climate is one such measure. They were originally designed to describe motivational climate, but they have been used as an omnibus measure. Other researchers, including House and Rizzo (1971), Phersey and Payne (1970), and Jones and James (1979) have also developed general measures of climate. In a review of previous studies Campbell et. al. (1970) describe four dimensions and Koys and DeCotiis (1991) eight dimensions of climate.

Literature on the major categories of climate research was reviewed and criteria were applied in an attempt to limit the number of major themes to a manageable but comprehensive set of themes. For the purposes of this review, descriptions of climate are referred to as dimensions regardless of whether or not they are typological or dimensional descriptions of climate. This does not assume that a dimensional approach will be adopted for the research. Instead, it acknowledges Poole's (1985) approach that allows for typological descriptions of climate to be rated on dimensions but not reduced to dimensions, and enables the descriptions of climate to be managed more effectively at this stage of the research. The limiting criteria applied to the descriptions of climate were as follows: firstly the named dimensions had to be a measure of perceptions and secondly had to be a measure describing and not evaluating activities. This is because it is employees' perceptions and their descriptions of activities that this research is concerned with. Thirdly, the dimensions could not be a measure of the environment, that is dimensions outside the control of the organisation. This is because it is the climate of the organisation that is being considered and not the environmental

context. For example, personnel support, operations support, marketing support and equipment/supply support all come from outside the organisation being studied (Schneider, 1990). Finally, objective measures of climate were eliminated, for example, absenteeism, labour turnover, tardiness, labour disputes, accidents and productivity (Payne and Pugh, 1975) as again it is employees' perceptions of practices and procedures in relation to customer retention that is the focus of the research.

Schneider and Reichers (1983), Glick (1985), Rousseau (1988) and Kelley, Skinner and Donnelly (1992) recommend only including dimensions of climate that are likely to be associated with the constructs included in the study. This approach is used in Zohar's (1980) study of safety climates, Dastmalchian, Blyton and Adamson's (1989) study on industrial relations climate and Anderson and West's (1998) study on climate for innovation within groups at work. It was also used on Schneider's work on climates for service (Schneider, Parkington and Buxton, 1980; Schneider and Bowen, 1985). On this basis, Zohar's (1980), Dastmalchian, Blyton and Adamson's (1989) and Anderson and West's (1998) climate scales were excluded. However, Schneider, Parkington and Buxton's (1980) service climate scales were included as the research is concerned with the service climate of a retail bank.

To limit the number of climate dimensions still further, the remaining labelled dimensions were grouped into clusters of summary themes. These summary themes reflect the underlying constructs in the same way that Campbell et. al. (1970) and Koys and DeCotiis (1991) did in their research.

The remaining dimensions were then categorised into five themes viewed as a universe of climate for a service organisation. These five themes are: 'structure', 'rewards and recognition', 'cohesion', 'warmth and support' and 'customer care'. Appendix A shows the summary themes, the labels as reported in the literature and the researchers examining them. It is not intended to exhaustively review all the literature relating to these summary themes but to describe the climate theme, review the salient climate studies and consider other 'non climate' studies that are relevant to the theme.

Theme 1: Structure

A number of researchers have referred to the importance of 'structure' in determining individual and group behaviour. Situational structure was first isolated as a climate dimension by Lewin, Lippitt and White in 1939. Situational structure is defined as 'the *perceived* limitations of the task situation, the amount of detailed information available, and the constraints placed on behaviour' (Litwin and Stringer, 1968: 47). Since that time there have been other researchers who have also identified this theme and numerous research studies have endeavoured to research related areas, such as administrative procedures, clarity, autonomy, rules-centred etc. (see Appendix A). Structure, however, has its roots in traditional views of business organisations. Like the climate researchers, early management scientists such as Taylor (1856-1917), Fayol (1841-1925), and Weber (1864-1920) suggest that the amount of structure in an organisation is an important variable affecting individual and group behaviour.

Some of these scientists focused on theories of organisational design that were meant to be universally applicable. Typically, these universal theories hold that:

- a) There is an optimum number of subordinates a manager can control which dictates what the span of control should be in an organisation.
- b) There should be a clear understanding of who is responsible for what. Jobs should be compartmentalised, usually functionally, in order to develop specialist skills.
- c) Everyone should have one superior with clear lines of reporting, so that the flow of reporting goes up and down the organisation.
- d) There should be clear rules and procedures to govern people's behaviour in the organisation.

Burns and Stalker (1961) discovered two contrasting types of organisational structure 'mechanistic' and 'organismic' (also called *organic*). Perhaps the best description of a mechanistic organisational structure is Weber's (1947) description of bureaucracy. According to Weber, bureaucracy was perhaps technically the most efficient form of organisation possible. Bureaucracy represents the final stage in depersonalisation and as such is unencumbered by the personal desires of the leader. In bureaucratic organisations there are usually a series of officials whose roles are clearly outlined by written definitions of their authority. These roles are usually arranged in a hierarchy with each successive step managing those beneath it. There are also rules and procedures to cover every eventuality as well as a 'bureau' for the safe keeping of all written records and files. There is a clear separation between personal and work affairs, supported by contractual methods of appointment. In such organisations, the appointment of experts is also important and a sign of a developing bureaucracy is the growth of the professional manager and the increase in experts managing their own departments. The advantages of bureaucracy stem from its characteristics, that is, bureaucracy is a smooth-running organisation where decisions and activities are processed efficiently. Unfortunately, the word *bureaucracy* is now associated with a variety of negative feelings, which was not Weber's original intent. Many people associate bureaucracy with red tape, rules and regulations, procedural delays and organisational inefficiency.

Focusing on rules to guide and determine behavioural outcomes is a key feature of a bureaucratic organisation and has also been identified in a number of empirical studies of organisational climate (Forehand, 1968; Payne and Mansfield, 1973, 1978). Weber laid great stress on the organised patterning of relationships between people through the use of rules. He felt that rules, based on rational and logical needs, contributed significantly to the efficient operation of his bureaucratic form of organisation. There are, however, a number of disadvantages of relying too heavily on the use of rules and procedures that can cause dysfunctional consequences for bureaucratic organisations. These are as follows:

- a) ***Rigidity of behaviour.*** Weber asserted that in a bureaucracy, employees are expected to know the rules and procedures and to follow them precisely. Greater control over behaviour can be achieved by strict rule compliance. However, according to Merton (1940), as the rules are followed more precisely, employees become very rigid in their behaviour and more insensitive to individual problems. This rigidity of behaviour may lead to conflicts with customers who may feel that their personal circumstances warrant an exception to the rule. As the level of conflict rises, the

dysfunctional consequences of a bureaucratic structure become more obvious and instead of responding to the complaints of customers and their demands for individual treatment, bureaucrats respond by following the rules even more strictly. Wise bureaucrats, of course, know when to deviate from the rules and accept responsibility for their decisions.

When bureaucratic control through excessive use of rules and procedures prevents people from providing service quality, people will often ignore the organisations rules to get the job done (Gouldner, 1954). This is why 'working to rule' is such an effective weapon in industrial disputes. Individuals all have their own personal view as to what constitutes acceptable behaviour. They often will not accept other people's views, which may be represented in certain organisational rules and procedures.

b) ***Resistance to change.*** Bureaucracies are intentionally designed to be resistant to rapid change because change disrupts the smooth functioning of the organisation and the carefully crafted rules and procedures which have been implemented. Bureaucrats also tend to focus on their own internal activities in the organisation and be isolated from external feedback that may facilitate change. Therefore, opportunities to produce innovative solutions to problems or develop new products or services tend to be overlooked because of the preoccupation with bureaucratic procedures. Bureaucracies also move at a painfully slow pace in making complex decisions which hinders the change process. The delay occurs because people must agree before a decision is made about issues of importance and then when the decision is made people must wait while new rules and procedures are put in place.

c) ***Inversion of means and ends.*** Rigid adherence to rules and regulations often results in a situation in which adherence becomes more important than achieving organisational goals - means-ends inversion. Thus the means becomes more important than the end. Although the rules were originally designed to further organisational success, each employee ends up seeing the rules and procedures as the ultimate goal instead of customer satisfaction and loyalty (Blau, 1974).

In climate research Schneider, Parkington and Buxton (1980) and Schneider and Bowen (1985) also refer to a bureaucratic orientation when they researched employees' and customers' perceptions of service in banks. They viewed 'bureaucratic orientation' in similar terms to those used by Bennis (1970) and Blau (1974) and focused on the negative connotations of the term: 'stress on rules, procedures, and system maintenance, which often divert energy away from providing services to clients in order to maintain the status quo' (Schneider, Parkington and Buxton, 1980: 257).

A theory of organisational design, however, which adopts an alternative approach to bureaucracy is the involvement approach. This approach assumes that all employees, not just managers, are capable of thought, co-ordination and control. The involvement approach relies much more on self-control and self-management, as supported by participatory management and training rather than relying heavily on rules and procedures to control behaviour

The involvement approach has its origins in pioneering works on participatory management by Argyris (1964), McGregor (1960) and Likert (1961, 1967). For

example, McGregor (1960) argued a case for 'Theory Y' management which rests on the assumption that individuals can be trusted and motivated to perform well if they are given interesting and challenging work. This is similar to Likert's theory that has come to be known as a 'System Four organisational design'. Likert recommends his system as a universal 'one best way' to design an organisation. The central premise of Likert's theory is that organisational leaders develop different management styles that can be described as lying along a continuum from exploitive and authoritative at one end to participative and group oriented at the other end. Likert analysed eight operating characteristics of organisations and placed each one along the exploitive-participative continuum. The four management systems he developed are as follows:

The first style he called *exploitive-authoritative*, is characterised by the threat of punishment, hostile attitudes, very little team-work, downward communication and distrust, with all the decision making and goal setting performed by top management.

The second style, *benevolent-authoritative*, is slightly less hostile and threatening since top management behaves more benevolently, but all decisions, goal setting, and communication are directly under the control of top management.

The third style, *consultative*, involves greater co-ordination between upper and lower levels of management. The ideas and interests of lower-level employees are considered and lower-level employees have an opportunity to contribute to the decision making and goal setting in a limited way.

The fourth style, *participative-group oriented*, represents the other end of the continuum. This 'structure' involves open communication channels, participation and a high degree of team-work. Motivation is based on rewards for achievement of agreed goals. Responsibility and initiative for achieving the goals of the organisation is widespread throughout all levels of the organisation. Leadership processes typically demonstrate a high level of confidence and trust between superiors and subordinates.

Further support for the involvement approach comes from work in the 1970s on job enrichment (Hackman and Lawler, 1971; Hackman and Oldham, 1976) that emphasised how task characteristics like autonomy and skill variety could be satisfying to employees with high-growth-need strength. Autonomy has also been identified as a key dimension in a number of empirical climate studies (Koys and DeCotiis, 1991; Moos, 1986) and along with other dimension of climate has been reported to contribute to behavioural outcomes. Autonomy is effectively at the other end of the spectrum from rules and procedures and can be defined as 'the perception of self-determination with respect to work procedures, goals and priorities' (Koys and DeCotiis, 1991: 273).

Closely linked to autonomy and the involvement approach is the concept of employee empowerment. As discussed in Section 2.1.2 empowerment involves providing the conditions that stimulate employees to act in a committed, concerned and involved way in doing their work (Zemke, 1988). It has also been defined as a situation in which the manager gives employees the discretion to make day-to-day decisions about job-related activities (Bowen and Lawler, 1992; Conger and Kanungo, 1988). Employees are free to identify better work procedures and implement them. By allowing

employees to make decisions, the manager effectively relinquishes control over many aspects of work. Self-directed work teams, employee involvement activities and job design all help to remove barriers between people and give them the authority to act. Empowerment allows the organisation to benefit from the creativity and ingenuity of employees.

These distinctions in management systems and structure as described in this section, give rise to a climate theme based on the 'structure' of the organisation.

Summary of key 'structure' dimensions

From the labels reported in the climate literature and other studies as discussed, a starter list of key 'structure' dimensions has been identified. These dimensions will form the basis of the provisional 'start list' of codes that are defined in Appendix B and are shown below, in capitals for each dimension i.e. S-COMMUNICATION. These dimensions are used in the data analysis in Section 3.3.5. Definitions of the 'structure' theme and dimensions are as follows:

Structure: The extent to which there is a perception of a degree of structure imposed on the position.

- **Communication (S-COMMUNICATION):** The perceived extent to which there is communication between staff and managers in the branch.
- **Rules and procedures (S-RULES-GENERAL):** The extent to which employees perceive that rules and procedures are relied upon in the branch.
- **Participation (S-PARTICIPATION):** The extent to which employees perceive that they are involved in branch activities and decision making.
- **Goal setting (S-GOAL SETTING):** The extent to which employees perceive that they are involved in goal setting.
- **Autonomy (S-AUTONOMY):** The extent to which employees perceive that they have autonomy about how to respond with respect to work procedures, goals and priorities.
- **Role clarity (S-ROLE CLARITY):** The extent to which employees perceive clarity of their roles and responsibilities.
- **Organised (S-ORGANISED):** The extent to which employees perceive that the branch is well organised.
- **Pressure (S-PRESSURE):** The extent to which employees perceive that they and other members of staff are under pressure with their respective jobs.
- **Variety (S-VARIETY):** The extent to which employees perceive that they are able to vary their roles and responsibilities.

- Role conflict (S-ROLE CONFLICT): The extent to which employees perceive that there is role conflict and ambiguity in the branch.

Theme 2: Recognition and rewards

Motivation theories explain why people behave as they do. Many theories of motivation assume that behaviour is caused and not just the result of random influences. This section considers motivation theories in three parts. The first two parts emphasise the role of cognition, that is they assume that human behaviour is purposive or goal directed. These cognitive theories can be divided into content theories and process theories. Content theories or need theories explain what motivates behaviour while process theories explain how and why we are motivated. The third part looks at theories of motivation that emphasise the consequences of behaviour.

a) Content theories of motivation

Content theories essentially examine the specific things within individuals that motivate them. Early theories include hedonism, instinct theory and need theory. One of the most popular need theories is the hierarchy of needs proposed by Maslow (1954) and later refined by Alderfer (1969). Another well-known need theory is the learned needs theory developed by McClelland (1965). His theory is closely associated with learning theory, because he believed that needs were learned or acquired by the kinds of events people experienced in their culture. These learned needs represented behavioural predispositions that influence the way people perceive situations and motivate them to pursue a particular goal. McClelland (1965) examined the needs of achievement, affiliation and power and described how they were acquired, their behavioural characteristics and their effects on society.

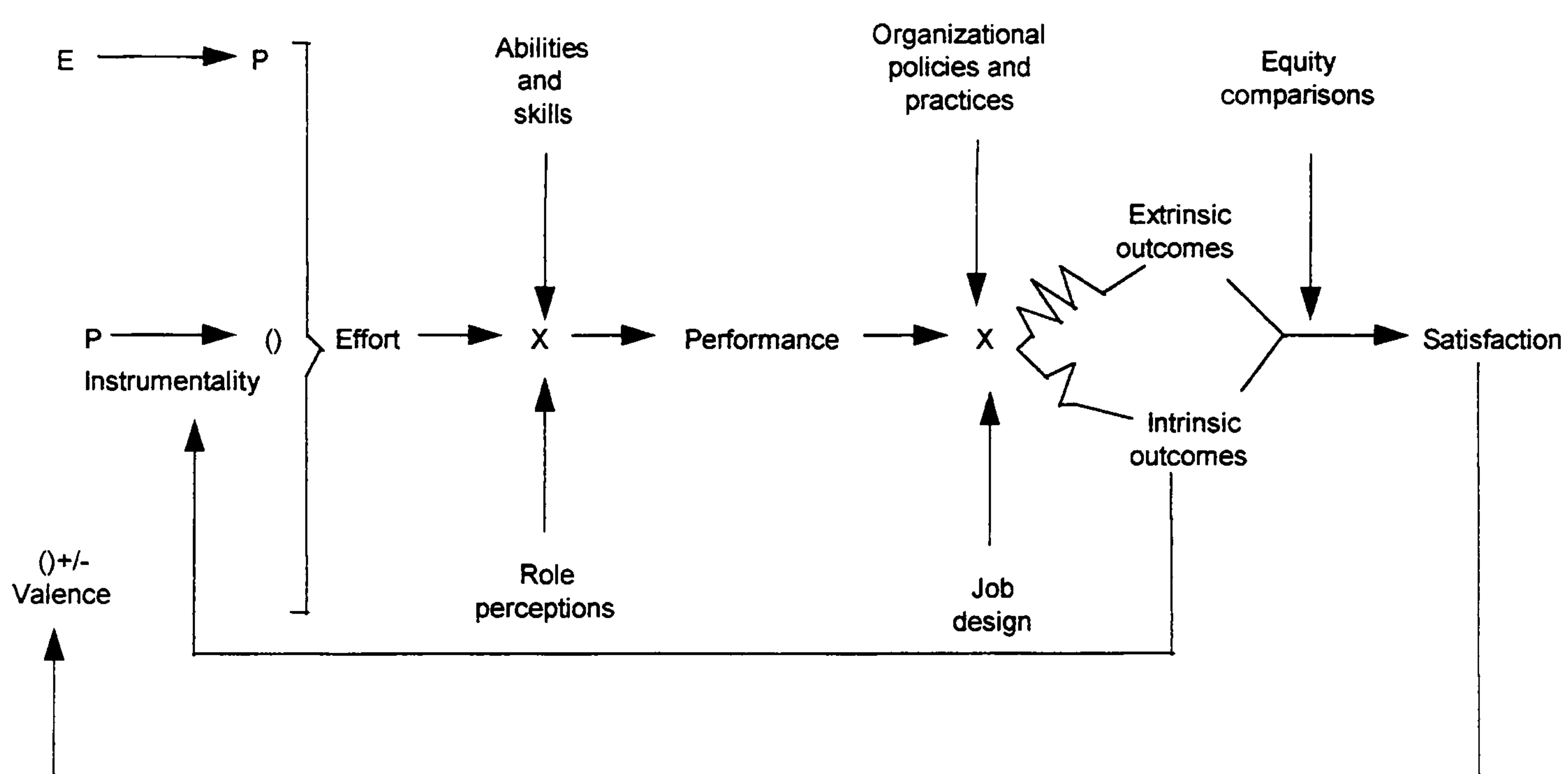
b) The process theories of motivation

The process theories of motivation focus on how motivation occurs. The process theories discussed in this section are expectancy theory, equity theory, and control theory.

Expectancy theory is a cognitive motivation model in which people decide what to do by evaluating the probable outcomes of their behaviour. The first systematic and comprehensive formulation of expectancy theory was presented by Vroom (1964). Subsequently, many researchers have extended and refined expectancy theory and consequently there are many different models of expectancy theory presented in the literature. Although each model is slightly different, the basic components are essentially the same. The basic components of expectancy theory include: expectancy - the relationship between effort and performance; instrumentality - the relationship between performance and outcomes, and valence - the importance of the outcomes. These three components can be measured and the numbers can be combined quantitatively to derive a measure of effort. Because the components are multiplied together, expectancy theory is sometimes described as a multiplicative model (Porter and Lawler, 1968).

In addition to describing the determinants of effort, expectancy theory has been expanded to explain job performance and satisfaction (Porter and Lawler, 1968). Figure 2.4 illustrates the expanded model and according to this model, job performance is a multiplicative combination of abilities and skills, effort and role perceptions. If individuals have clear role perceptions and the necessary skills and abilities and if they are motivated to exert enough effort, the model suggests that they will perform well. Abilities and skills include physical and psychological characteristics such as mental ability and dexterity. Role perceptions concern the clarity of the job description and the extent to which employees know how to focus their efforts to effectively complete the task. A clear perception of their role ensures that employees focus their effort correctly, where it will be most effective and where they will perform the correct behaviours. An unclear perception ensures that employees deploy their efforts unproductively, which does not contribute to effective job performance.

Figure 2.4: Expectancy theory model



Source: Adapted from L. W. Porter and E. E. Lawler, *Managerial Attitudes and Performance* (Homewood, Ill., Richard D. Irwin, 1968), p. 165.

According to the model, performance produces extrinsic and intrinsic outcomes. The wavy lines are intended to indicate that the relationship between performance and rewards is not direct. The relationship for intrinsic rewards tends to be more direct than for extrinsic rewards. According to Porter and Lawler (1968) the extent to which job performance produces intrinsic outcomes is mostly determined by the design of the job and the values of the worker. In contrast, the relationship between performance and extrinsic outcomes is determined by the organisational policies regarding such things as pay and promotion (see Section (c) below for a detailed description of intrinsic and extrinsic rewards).

The model predicts that satisfaction levels are determined by the levels of intrinsic and extrinsic outcomes. These outcomes are, however, influenced by equity comparisons, which suggests that satisfaction is determined not only by the actual outcomes employees receive, but also by the level of outcomes they expect to receive and how

these compare with the rewards of others. Finally, the feedback loops in the model explain how the expectancy components are created and can be changed by past experiences.

Equity theory is another cognitive theory of human behaviour that has been used to explain motivation and levels of job satisfaction (Adams, 1965; Weick, 1966). It is derived from social comparison theory that focuses on the feelings and perceptions of individuals and on whether they think they are treated fairly compared to others. Equity theory suggests that people compare their output-input ratios (the outcomes they receive as a result of their contribution of time and effort) with the output-input ratios of others. For example 'did I get as much for my efforts as my colleagues did for theirs?' A state of inequity exists when people think their ratios are not equal to the ratios of others. A state of imbalance caused by being over-rewarded or under-rewarded motivates people to change the situation and re-establish a state of balance. Typical inputs include effort, performance, education, skills, time, and opportunity costs. Typical outputs include all the rewards people receive from the exchange, such as pay, working conditions, social interactions, stress and fatigue. The value of the inputs and outputs are determined by the individual's perception of its value rather than any objective value.

When a state of equity exists, people tend to feel satisfied and report that the conditions are fair. However, when there is a perceived condition of over-reward people tend to feel guilty and dissatisfied and they want to correct the imbalance. Conversely, when a condition of under-reward exists people tend to feel dissatisfied and angry and also want to correct the imbalance. A perceived state of inequity, therefore, creates tensions within individuals and the tension is proportionate to the magnitude of the inequity.

According to Adams (1965) there are six methods which help to explain how people try to reduce inequity:

1. People may alter their inputs i.e. overpaid workers will try harder and underpaid workers will reduce their effort.
2. People may alter their outputs. Over-rewarded people may share their rewards with others whilst under-rewarded people will try to obtain greater rewards, by for example, asking for more money.
3. People may cognitively distort their inputs and outputs. For example, 'I don't really work that hard' (inputs), or 'I get a lot of satisfaction from working here' (outputs).
4. People may distort the inputs or outputs of others.
5. People may change objects of comparison. For example, over-rewarded secretaries may think of themselves more as executives than secretaries.
6. People may decide to leave. If it is not possible to change the inputs or outputs and cognitive distortion becomes too much they may decide to change jobs.

The most important implication of equity theory for managers is that perceived under-reward is likely to have negative impacts on the organisation such as absenteeism, low productivity, employee turnover etc. When evaluating and rewarding employees the objective reality of how much people are rewarded is not as important as the subjective reality of equity. For example, a large bonus paid to one employee may make that person feel rewarded but it may create dissatisfaction among other employees because it is perceived to be inequitable.

One final process theory is control theory, which is a theory of motivation modelled after control theory in the physical sciences. It is one of the most integrated models that incorporates many of the main theories of human behaviour (Carver and Scheier, 1981; Lord and Hanges, 1987; Klein, 1989). The theory is reasonably parsimonious and the model explaining it is dynamic and focuses on self-regulation and the underlying mechanisms of motivation. Essentially, goals, or performance standards, incite people to action and lead to motivated behaviour called the *effector*. It is called the effector because it makes things happen and gets things done. The results of motivated behaviour (effort) i.e. organisational performance, are measured objectively or subjectively and provide feedback to the individual. The feedback is called the sensor. Individuals then compare their performance against their goals through a process called the comparator. If performance is on target, performance continues, if it is off target, corrective actions are made. The corrective actions depend on whether or not the individuals know what went wrong. If they know what went wrong, their response will be almost automatic. However, if the cause is not known, a lengthy investigation may result in trying new behaviours, revising goals, reassessing rewards or resigning.

c) Motivation: the consequences of behaviour

Industrial studies have long emphasised the importance of incentives, rewards and punishments (Whyte, 1959; McGregor, 1960; Herzberg, 1966) as a means of controlling employees' behaviour and to gain compliance or defiance with respect to management directives. Rewards as a climate dimension was first identified by Litwin and Stringer (1968) and since that time there have been a number of other researchers who have also identified the importance of rewards and recognition in determining employee behaviour (see Appendix A).

Organisations typically provide their employees with a number of extrinsic and intrinsic rewards. Extrinsic rewards are the rewards people receive from others; they are provided by external sources such as colleagues, supervisors, managers or the organisation. Extrinsic rewards can include monetary incentives and associated fringe benefits such as cheap loans and company cars. Promotion, recognition and compliments are also considered to be extrinsic rewards. Intrinsic rewards are associated with the job itself and are the positive feelings people derive from the work they do. Intrinsic rewards are self-administered and are based on the personal values of each individual and include, for example, satisfying work, personal responsibility and autonomy.

The relationship between extrinsic and intrinsic rewards has been closely examined because in some situations it appears that extrinsic rewards destroy the effects of intrinsic rewards (Deci, 1972). Subsequent research has, however, failed to show this and research undertaken by Arnold (1976) shows that if extrinsic rewards appear to be fair and equitable and based on a careful assessment of performance, the extrinsic rewards do not destroy intrinsic rewards. Instead, the extrinsic rewards combine with intrinsic rewards to create higher levels of motivation and task satisfaction.

People obviously derive many rewards from work and in order to be able to predict how an individual will behave in a given situation it is important to know all the significant rewards and the attractiveness of each reward for the individual. In this context, the following reinforcement contingencies describe the major approaches to changing employee behaviour.

(i) Positive reinforcement contingencies

A positive reinforcement contingency consists of providing a positive reinforcement after the correct behaviour has been carried out. This is to increase the likelihood of the correct behaviour being enacted again. Most things we do in life are the result of positive reinforcement contingencies, the majority of behaviours occur because positive consequences are associated with them (Bergiel and Trosclair, 1985). In a services context, manager's compliments and the recognition of others are recognised as powerful reinforcers in establishing superior service quality performance.

(ii) Punishment contingencies

A punishment contingency consists of administering a punishment after the response has been made. The effect of a punishment contingency is to decrease the likelihood that the inappropriate behaviour will be enacted again in the future.

Learning theorists claim that punishment or threat of punishment is not the most effective method of changing behaviour, despite the fact that withdrawal of rewards is still a common organisational control mechanism. Several reasons have been suggested as to why punishment may not be effective (Estes, 1944).

- Punishment is only effective when the threat of punishment is present.
- Punishment indicates what is wrong but not what is right. One wrong response may be replaced with another wrong response.
- Punishment may eliminate good and bad behaviour.
- Punishment may cause fixated behaviour because the individual's thinking becomes fixed on past mistakes rather than on looking for a correct solution.
- Punishment creates a negative feeling towards the punisher, such as a superior and hence interferes with that relationship regarding other issues.

- Punishment is sometimes a reward. That is, some attention is better than nothing.

(iii) Escape contingencies

An escape contingency is a situation where a punishment or aversive stimulus is present and the individual makes a response to eliminate it or terminate it. For example, sheltering against the wind, turning off an alarm clock or feeding a baby to stop it crying (Widrick, 1988). An escape contingency tends to increase the likelihood of responding, but the response is normally only a minimal act to stop the aversive condition. For example, when employees are reprimanded for poor performance, they often improve their performance just enough to satisfy their superiors. Unless other reinforcers are available they are not motivated to achieve outstanding performance; and are content with minimally acceptable performance.

(iv) Avoidance contingencies

An avoidance contingency is about making a response to avoid an aversive consequence. If a response does not take place, the aversive consequence is experienced. For example, doing a certain task to avoid being reprimanded by a superior. Like an escape contingency, avoidance contingencies are motivated by avoiding failure, rather than looking for success and rewards. Therefore, even though avoidance contingencies tend to increase the likelihood of a response, the response tends to be the least effort needed to avoid an unpleasant consequence (Cherrington, 1994).

(v) Extinction Contingencies

An extinction contingency consists of not reinforcing a response. When the response is made, the individual receives no positive or negative reinforcement. The basis of this contingency is that people do what they are reinforced for doing. Behaviours that are not reinforced are no longer displayed. For example, failing to notice employees who are performing well is likely to result in their not continuing to make an effort (Cherrington, 1994).

These five reinforcement contingencies describe the major approaches to changing employee behaviour. They indicate the kinds of consequences that should follow behaviour in order to increase or decrease the probability of a response in the future. These contingencies will, therefore, form the basis of the provisional starter list of key dimensions relating to 'recognition and rewards' as outlined below. Two additional dimensions have been added to the list. The first is equity in recognition of the literature relating to equity theory (Adams, 1965; Weick, 1966) and the second is goals and performance standards in recognition of the contribution of control theory.

How employees are recognised and rewarded for their contribution to service excellence gives rise to a key theme of organisational climate.

Summary of key ‘recognition and rewards’ dimensions

From the labels reported in the climate literature and other studies as discussed, a starter list of key ‘recognition and rewards’ dimensions has been identified. These dimensions will form the basis of the provisional ‘start list’ of codes that are defined in Appendix B and are shown in capitals for each dimension i.e. RR-PRC. These dimensions are used in the data analysis in Section 3.3.5. Definitions of the ‘recognition and rewards’ theme and dimensions are as follows:

Recognition and rewards: The extent to which there is a perception that the employees are rewarded and recognised.

- **Positive reinforcement contingency (RR-PRC):** The extent to which employees perceive that they are rewarded and recognised in a positive way, for example, compliments, promotion, monetary incentives, time off etc.
- **Punishment contingency (RR-PUNISHMENT):** The extent to which employees perceive that they are punished for their behaviour or receive negative feedback.
- **Escape contingency (RR-ESCAPE):** The extent to which employees perceive that a punishment or aversive stimulus is present and they only perform in a minimally acceptable way to ‘escape’ or terminate the punishment.
- **Avoidance contingency (RR-AVOIDANCE):** The extent to which employees make a response to avoid an aversive consequence.
- **Extinction contingency (RR-EXTINCTION):** The extent to which employees perceive that they receive no reinforcement either positive or negative.
- **Equity (RR-EQUITY):** The extent to which employees perceive that they are being treated fairly in terms of rewards, recognition and appreciation.
- **Goals (RR-GOALS):** The extent to which employees perceive that goals and/or performance standards are used, including monitoring staff and are effective, as a means of controlling behaviour.

Theme 3: Cohesion

Cohesiveness as a climate dimension was first identified by Friedlander and Margulies (1969). Before that time Litwin and Stringer (1968) referred to it as ‘identity’ and ‘conflict (reversed)’. Since then there have been a number of other researchers who have also identified the importance of cohesion and peer cohesion as part of organisational climate. (see Appendix A). It is also much discussed in the organisational behaviour literature. Cohesiveness is the attraction that employees have for each other and for the group as a whole (Kidwell, Mossholder and Bennett, 1997; Lott and Lott, 1965). In some groups there is an atmosphere of solidarity with common attitudes and behaviours, while in others, employees possess only minimal

interest in each other. Highly cohesive groups provide satisfaction for their members, who may in turn feel an intense loyalty and commitment to the group. Group cohesiveness has important consequences for the degree of conflict or co-operation in an organisation.

Group cohesiveness is created by a combination of factors within the group as well as by factors in the external environment beyond the group's control. Frequency of interaction, interpersonal attraction and the rigour of initiation have all been identified as factors influencing cohesiveness (Lott and Lott, 1965; Williams and Hacker, 1982). Another factor influencing group cohesiveness is agreement on group goals. Groups tend to be more cohesive when employees agree on the purpose and direction of the group's activities. Successful groups tend to be more cohesive than unsuccessful groups and groups facing outside threats will often form a more cohesive group.

Cohesive groups generally achieve better results than non-cohesive groups. Research studies that have investigated the consequences of high group cohesiveness on group success, member satisfaction, participation and conformity, show that there is a definite and usually positive relationship (Williams and Hacker, 1982). Members of cohesive groups appear to experience fewer work related anxieties than those in non-cohesive groups and are better 'adjusted' in the organisation. They have higher rates of job satisfaction, lower rates of tension, absenteeism and labour turnover. This better adjustment comes partly from the psychological support provided by the group.

Studies on the relationship between cohesiveness and performance indicate that highly cohesive groups are not always the most productive. For example, a major review of thirty-four studies of cohesiveness and productivity found that the relationship was neither direct nor simple (Stogdill, 1972). Eleven studies found that cohesiveness and productivity were unrelated; another eleven studies found that more cohesive groups were less productive; and only twelve studies found that cohesive groups were more productive.

Cherrington (1994) suggests that there is good reason why highly cohesive groups are not always the most productive. Cohesive groups would only be expected to be highly productive if the group norms support high productivity and are consistent with the organisation's goals. If the group's goals are inconsistent with the organisation's goals, a highly cohesive group may be counterproductive and may engage in such activities as sabotaging the organisation or avoiding work.

Another characteristic of cohesive groups is that there is usually less variation in the performance of individuals. Highly cohesive groups tend to have individuals who all perform at the same level, while non-cohesive groups may have both high producers and low producers within the group. There are three additional reasons why cohesive groups are not necessarily more productive. First, cohesive groups tend to socialise more which may interfere with their work. Second, cohesive groups may perform more poorly because they are subject to 'groupthink' (Janis, 1972), a phenomenon that refers to rigid thinking controlled by the group. The desire to maintain a cohesive group may prevent members from challenging ideas and confronting issues and thereby cause cohesive groups to make bad decisions. Third, as groups become cohesive, they tend to become more conservative in their approach to solving problems and less

willing to take chances. As a result, the group may produce less creative solutions to their problems.

Despite these mixed results attempts continue to be made to design strong cohesive teams in organisations. This may take the form of multi-function project teams and team development approaches. The quality circle movement is one such approach (Steel and Shane, 1986) in which workers join together to solve work-related problems. Quality circles, have of course, been identified as a major factor in Japan's industrial success and since the 1970s have been introduced into many western organisations.

Group 'cohesion', therefore, is identified as a third climate theme, which needs to be examined in relation to customer retention.

Summary of key 'cohesion' dimensions

From the labels reported in the climate literature and other studies as discussed, a starter list of key 'cohesion' dimensions has been identified. These dimensions will form the basis of the provisional 'start list' of codes that are defined in Appendix B and are shown in capitals for each dimension i.e. C-COHESION AMONG STAFF. These dimensions are used in the data analysis in Section 3.3.5. Definitions of the 'cohesion' theme and dimensions are as follows:

Cohesion: The extent to which employees have a feeling of togetherness and cohesion within the organisation for each other and the group as a whole.

- Cohesion among staff (C-COHESION AMONG STAFF): The extent to which the employees perceive a feeling of togetherness, pulling together and cohesion in the branch.
- Group goals (C-GROUP GOALS): The extent to which the group goals are consistent with the organisation's goals.
- Socialise (C-SOCIALISE): The extent to which the staff within the branch socialise together.
- Team (C-TEAM): The extent to which employees perceive that the staff within the branch work as a team.

Theme 4: Warmth and support

Whereas 'cohesion' is concerned with the attraction that employees have for each other and for the group as a whole, 'warmth and support' is more concerned with friendship, mutual trust, respect, warmth and co-operation. 'Warmth and support' have long been thought to be an important influence on human behaviour and has been identified as a dimension of climate by a number of research studies (see Appendix A). Early researchers on 'warmth and support' include Litwin and Stringer (1968), Schneider and Bartlett (1968) and Kahn et. al. (1964). Since that time there have been a number of other researchers who have identified 'warmth and support' and other

related dimensions as part of organisational climate (Hemingway and Smith, 1999; Joyce and Slocum, 1984; Koys and DeCotiis, 1991; Schneider and Bowen 1985).

Other early studies of ‘warmth and support’ have also shown a striking effect on employee behaviour. McGregor (1960) views employee-centred warmth and support as a necessary condition in ‘Theory Y’ management. Vroom (1964) labels it ‘consideration’ and cites it as a major determinant of job satisfaction. Kahn and Katz (1960), Halpin and Winer (1957), Fleishman (1957) and Katz et. al. (1951) state that the employee-oriented supervisor establishes a supportive personal relationship with his subordinates by being understanding and taking a personal interest in them. Halpin and Winer (1957) discuss the long-term behavioural effects of ‘inconsiderate supervisory practices’ and advocate supervisory behaviour ‘indicative of friendship, mutual trust, respect, and warmth’. Likert (1961) states that the most important prerequisite for the establishment of his ideal organisational system is the creation of a ‘supportive atmosphere’. There should be ‘favourable, co-operative attitudes throughout the organisation with mutual trust and confidence’ (Likert, 1961: 225).

This leads to the inclusion of ‘warmth and support’ as a fourth climate theme, which needs to be examined in relation to customer retention.

Summary of key ‘warmth and support’ dimensions

From the labels reported in the climate literature and other studies as discussed, a starter list of key ‘warmth and support’ dimensions has been identified. These dimensions will form the basis of the provisional ‘start list’ of codes that are defined in Appendix B and are shown in capitals for each dimension i.e. WS-AMONG STAFF. These dimensions are used in the data analysis in Section 3.3.5. Definitions of the ‘warmth and support’ theme and dimensions are as follows:

Warmth and support: The perception of the extent to which staff provide each other with consideration, warmth and support and get on well with each other and the extent to which managers encourage and provide consideration, warmth and support for their staff.

- Warmth and support among staff (WS-AMONG STAFF): The extent to which staff provide each other with consideration, warmth and support and get on well together.
- Warmth and support by managers (WS-BY MANAGERS): The extent to which employees perceive that managers provide staff with consideration, warmth and support and get on well with them.
- Morale (WS-MORALE): The extent to which there is morale among the staff.
- Trust Management (WS-TRUST MGT): The extent to which staff trusts the managers/management.

Theme 5: Customer care

The climate dimensions of service quality and customer retention, have been isolated by Schneider, Parkington and Buxton (1980) and Schneider and Bowen (1985) in their research of 23 bank branches in the USA. When measuring the first dimension, service quality, their results revealed strong correlation between employees' perception of overall service quality in the branch and customer perceptions of overall service quality. This confirmed their hypothesis that employees were sensitive to customer perceptions of branch service quality. This research study is not only concerned with employees' perception of overall service quality but with the extent to which employees perceive that there is a focus on practices and procedures in relation to customer care and how this relates to customer retention at the specific branch level. Schneider's research also considered employees' perception of branch practices and procedures in relation to service but these were correlated with customers' perceptions of service practices and procedures, rather than customer retention.

Smith and Lewis (1989: 13) have shown in their research into customer care in financial services that a majority of financial service organisations used the term 'customer care' to differentiate 'care' from 'service' and felt that 'care is more than service'. In their research, care was seen to include internal customers, and to provide overall direction and strategy for the organisation. Smith and Lewis (1989: 13) provided an account of the differences between care and service:

'Customer service is being nice to the customer and providing what is actually required. Customer care is the whole philosophy of treating well, keeping informed, looking after the employees, style of management, terms and conditions...

Customer care is all embracing, putting yourself in the place of the customer (it is strategic) – an attitude of mind – a way of approaching business – providing what customers want before they ask for it. Customer service is tactical – serving immediate needs'.

They went on to point out that a number of respondents had argued that customer care was concerned with staff attitudes and relationships with the customers and with colleagues, as opposed to routine and mechanistic acts involved in service delivery.

For the purposes of this research it is felt that the view of customer care as presented by Smith and Lewis (1989) provides a more meaningful and accurate reflection of the exact nature of this climate theme. The service quality dimension as used by Schneider, therefore, has been re-titled 'customer care'.

Kelley's (1992) research extends this previous work undertaken by Schneider by considering the relationship between employees' perceptions of organisational climate for service and their customer orientation. His results have shown that higher levels of customer orientation resulted from favourable perceptions of organisational climate for service and higher levels of motivational direction and organisational commitment for service employees.

Customer retention is the second service specific dimension of organisational climate as identified by Schneider, Parkington and Buxton (1980) and Schneider and Bowen (1985). Their results revealed some strong relationships between employees' perceptions of the degree to which there was an active attempt to retain customers and customers' perception of overall service quality. The basic premise of their work is that if employees perceive that there is an active attempt to retain customers in the organisation then it is likely that this will be reflected in employee behaviour to provide customers with a high level of service quality. If on the other hand employees perceive that the organisation does not value retaining customers, then it is likely that the employees will not focus their energies and competencies in providing high levels of service quality in an effort to foster customer loyalty. In an attempt to differentiate this input from the customer retention rate output of the branches, customer retention has been retitled 'customer retention practices' to more accurately reflect that it is employees' perceptions of the practices and procedures in relation to retaining customers which is the concern of this study.

Role conflict has also been included within this climate theme, and has been previously isolated by climate researchers (James and Sells, 1981; Jones and James, 1979). As discussed in Section 2.1.3, it has been shown to lead to negative employee and customer outcomes, such as job dissatisfaction, high staff turnover, role stress, poor role clarity and the customers' perception that the service quality is poor (Churchill, Ford and Walker, 1985; Kelly, Gable and Hise, 1981; Parkington and Schneider, 1979; Schneider, 1980; Walker, Churchill and Ford, 1975).

There is now an extensive literature that examines innovation in organisations, with contributions from management scientists, applied sociologists, and organisational psychologists. King and Anderson (1995) and West and Farr (1990) provide a structured and integrated review of the research in innovation. West and Farr (1989: 15) define innovation as 'the intentional introduction and application within a role, group or organisation of ideas, processes, products or procedures, new to the relevant unit of adoption, designed to specifically benefit role performance, the group, the organization or the wider society'. Innovation has also been previously recognised by climate researchers (Johnson, 1976; Koys and DeCotiis, 1991; Moos, 1986) and more recently by Anderson and West (1998). They have measured climate for work group innovation and Lin, Madu and Kuei (1999) have researched the association between organisational climate and quality management practices in Taiwan. This research, however, is concerned with the extent to which employees perceive that innovative initiatives such as TQM and customer care, are still active and effective in contributing to customer care in the branches. It has, therefore, been included as a dimension within the climate theme of 'customer care'.

This evidence gives rise to the fifth climate theme based on 'customer care'.

Summary of key 'customer care' dimensions

From the labels reported in the climate literature and other studies as discussed, a starter list of key 'customer care' dimensions has been identified. These dimensions will form the basis of the provisional 'start list' of codes that are defined in Appendix B and are shown in capitals for each dimension i.e. CC-SERVICE QUALITY. These

dimensions are used in the data analysis in Section 3.3.5. Definitions of the ‘customer care’ theme and dimensions are as follows:

Customer Care: The extent to which employees perceive that there is a focus on practices and procedures in relation to customer care in the branch and employees’ perception of overall customer care and service quality.

- Practices procedures (CC-PRACTICES PROCEDURES): The practices and procedures in relation to customer care which employees perceive in the branch.
- Practices-general (CC-PRACTICES-GENERAL): The extent to which employees perceive that there is a focus on practices and procedures in relation to customer care in the branch.
- Service quality (CC-SERVICE QUALITY): Employees’ perception of overall service quality.
- Customer care (CC-CUSTOMER CARE): The extent to which employees perceive that there is a genuine interest and care for the customers within the branch.
- Customer retention practices (CC-CUSTOMER RETENTION PRACTICES): The extent to which employees perceive that there is an active attempt to retain customers and foster customer loyalty in the branch.
- Role conflict (CC-ROLE CONFLICT): The extent to which employees perceive that there is a focus on sales and service in the bank and experience no role conflict in dealing with sales and service or perceive that they are being pulled in different directions in terms of customer care and selling.
- Innovative (CC-INNOVATIVE): The extent to which employees perceive that the TQM, customer care and other innovative initiatives are still active in the branch and are effective.

Summary of climate themes

The purpose of this section has been to develop a series of climate themes which will help explain contrasts between high and low retaining branches in terms of employees’ perceptions of organisational climate and its impact on employee behaviour and customer retention. The five climate themes, which have been identified, are:

- Structure
- Recognition and rewards
- Cohesion
- Warmth and support
- Customer care

The next section will outline the aim of the research, identify the gap in the literature and set out the research questions.

2.3 Research Aim and Research Questions

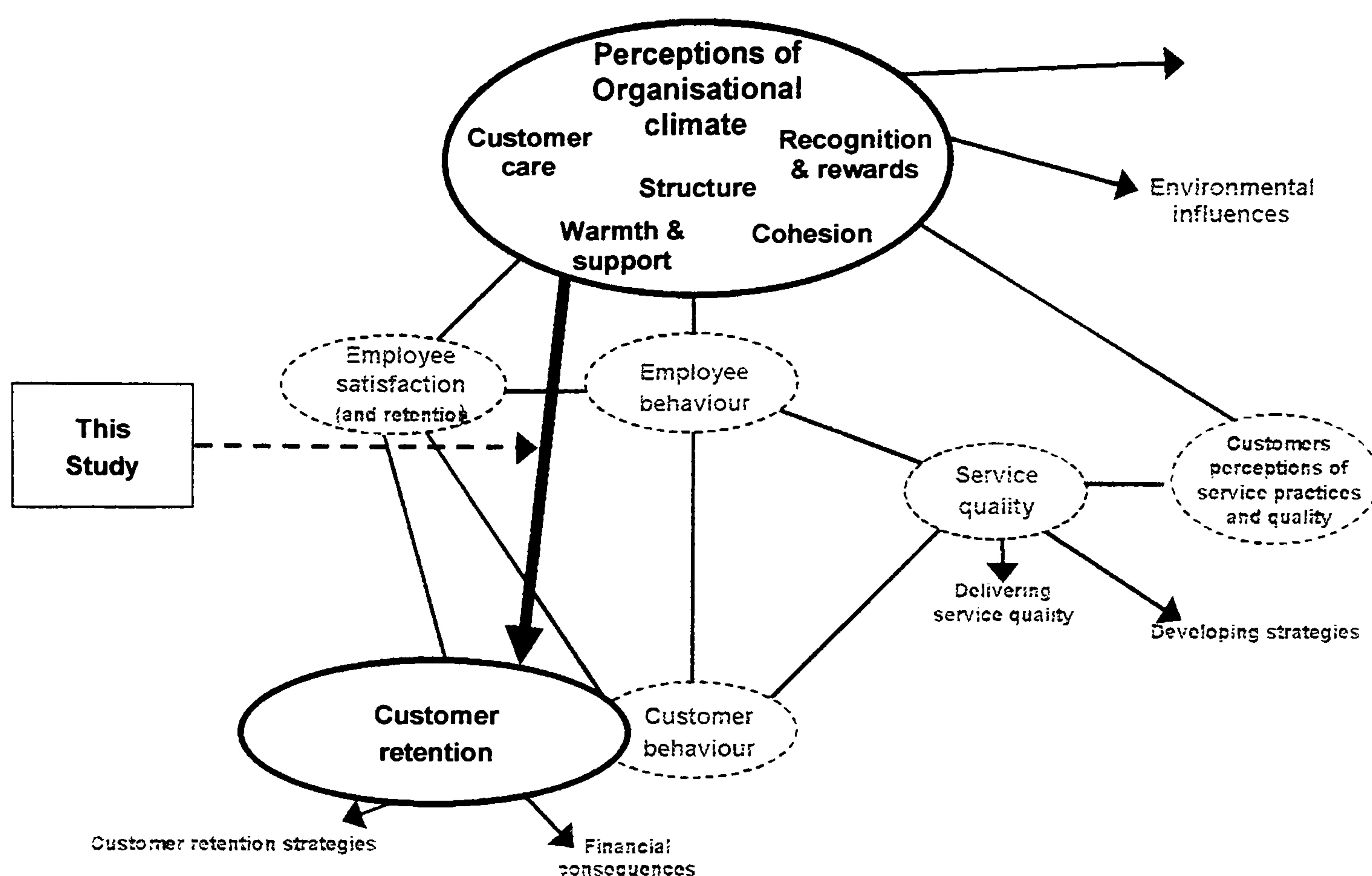
This study draws on three distinct bodies of knowledge. Firstly, research that attempts to map out employees' perceptions of organisational climate in terms of their perceptions of practices and procedures in relation to service. Secondly, research that examines the relationship between perceptions of organisational climate and employee behaviour and thirdly, research that has identified the importance of customer retention. The reason for bringing together these three streams of knowledge is that they provide a basis for understanding the relationship between employees' perceptions of organisational climate, their impact on behavioural outcomes and hence customer retention.

The overall aim of the research is:

To examine the relationship between employees' perceptions of organisational climate and customer retention rates in a major UK retail bank.

The research gap that has been identified through an analysis of the literature and which provides a basis for this study can be defined as follows: whilst there have been many studies which have considered the relationship between organisational climate and employee behaviour at a 'macro' level, there have been no studies which have examined the relationship between organisational climate and customer retention at a 'micro' level, in a specific service setting. There is still very little known about the role that employees play in determining the extent to which customers are retained within a business. Figure 2.5 shows the positioning of the research study in relation to the literature. This diagram is a simplified version of Figure 2.1 and is used here to show the dynamic nature of the relationship between employees' perceptions of organisational climate and customer retention rates of a specific bank branch.

Figure 2.5: Positioning of research study in relation to the literature



2.3.1 Related research

This research is not the first to look at employees' perceptions of practices and procedures in relation to service in a retail bank setting. Schneider, Parkington and Buxton's 1980 paper 'Employee and Customer Perceptions of Service in Banks' reported the findings from a survey of employees and customers from 23 bank branches of a full service, US bank. Their research examined the relationship between employee perceptions of branch practices and procedures in relationship to service and customer perceptions of service practices and quality. Table 2.1 shows the correlation coefficients representing the relationship between customer and employees' perceptions of branch service across the branches. The results of the study revealed some strong relationships between these two variables. However, the table also shows the internal consistency scores for the variables. These consistency scores are used as a measure of the internal reliability for each of the multiple-item scales used for the variables. When the scores are below 70% it is accepted that there is less internal consistency reliability for the multiple-item scales. It can be seen from the table that the scores for the employee variables are non-conclusive. They are mostly below 70% with the exception of 'managerial function' which is 85% and 'enthusiastic orientation' which is 70%. This means that seven of the employee multiple-item scales in the Schneider, Parkington and Buxton (1980) study cannot be relied upon to measure what they are purporting to measure (Carmines and Zeller, 1983).

Table 2.1 Correlations between employee and customer variables

Customer Variables	Employee variables												
	Overall quality	Job satisfaction	Organizational satisfaction	Enthusiast orientation	Bureaucrat orientation	Managerial functions	Effort rewarded	Retain customers	Personnel support	Processing support	Marketing support	Equipment/supply support	KR-14 internal consistency
Overall quality	67**	26	41*	71**	22	54**	36	63**	08	46*	40	50*	-
Teller courtesy	50**	27	28	63**	15	56**	11	52*	-03	35	20	36	71
Officer courtesy	46*	29	16	44*	-28	31	11	31	20	11	07	17	25
Teller Competence	36	17	35	54**	16	44**	09	45*	12	42*	22	35	64
Adequate staff	64**	25	25	66**	22	57**	23	64**	15	35	31	42*	73
Branch administration	50*	14	38	72**	30	58**	23	56**	-05	30	36	51**	52
Handling services	42*	05	33	55**	41*	48	38	46*	12	30	37	42*	33
Convenience	-08	-04	18	-11	-01	-27	22	-22	20	-12	-12	-24	41
Employee turnover	46*	26	33	37	19	52*	34	43*	23	47*	39	47*	71
Selling	27	29	32	36	-11	09	34	17	13	24	09	07	40
Employee attitudes	56**	30	25	56**	18	47*	28	47*	04	35	22	34	72
KR-14 internal consistency				70	53	85	40	65	65	64	65	55	

Note: Decimals omitted, N = 23 branches
* p< .05; **p<.01

This study was replicated and extended in 1985 by Schneider and Bowen when 28 bank branches were studied. The results from that study found good support for the previous study but also found that employee attitudes and customer attitudes were related to their own and one another’s turnover intentions.

2.3.2 Limitations to previous work and gap in the literature

Although it is encouraging that there has been previous research into this area there are, however, a number of limitations to these studies. First, all the research undertaken by Schneider, Parkington and Buxton (1980) and Schneider and Buxton (1985) and most other climate researchers use a positivist approach and quantitative research methods that have relied heavily on dimensions or typologies to empirically measure climates. This approach has been criticised by Poole (1985: 90) who argues that:

‘....assuming that dimensions are the essence of climate is misleading; climates are totalities consisting of coherent configurations of attributes. Breaking dimensions out of these wholes is a viable strategy for research - it aids in the discovery of new types and enables statistical comparisons among types. However, it does violence to the representation of climate, because there is more to a type than dimensional or attribute lists can encompass’.

Payne and Pugh (1975: 1168) have also observed when referring to climate studies using researcher-derived questionnaires :

'Future research can ignore most of these studies and utilise a completely different approach. We need deep involvement from the members of a complex system to gather meaningful data which accurately reflects these peoples' experiences...'

More recently Rentsch (1990: 669) observes that climate is usually assessed using quantitative questionnaires and argues that:

'....this method assesses quantitative variance in descriptions of events or the frequency of occurrence of events. Respondents' interpretations of those events is not directly measured, there is no allowance for qualitative variance in meaning'.

Second, the aforementioned research study by Schneider, Parkington and Buxton (1980) has aggregated the results across a number of branches. There has been no analysis of the relationship between employees' perceptions of organisational climate and customer retention at a specific bank branch level. This means that we are unable to analyse how employees' perceptions of organisational climate, in terms of practices and procedures, are interpreted at the branch level, how they affect employee behaviour and whether or not they are likely to be related to specific branch performance. In other words in what way does the climate for service differ from branch to branch? There is also no independent measure of branch performance such as how successful they are at retaining customers. We know, for example, that there is a correlation between employees' perceptions of an active attempt to retain customers in the branch and customers' perceptions of service quality (Schneider, Parkington and Buxton, 1980; Schneider and Bowen, 1985). But we do not know whether the branches concerned actually have a high retention rate or not. Because the research has been correlated between all the aggregate data for all the customers and employees for all the branches, there is also the possibility of misalignment of data causing distortions in the results.

It is expected that climate and customer retention at the specific branch level will differ between branches because, although there are many practices and procedures which are common across the banking network, there are also likely to be differences in the 'micro' climate of the branches. Mintzberg's (1979) work provides a useful insight into why we would expect the 'micro' climate of branches to differ from each other. He isolated five co-ordinating mechanisms, which seem to explain the fundamental ways in which organisations co-ordinate their work. He considers them to be 'the most basic elements of structure, the glue that holds organisations together' (Mintzberg, 1979: 3). These are:

Mutual adjustment, which achieves co-ordination of work by the simple process of informal communication.

Direct supervision, which achieves co-ordination by having one individual take responsibility for the work of others.

Standardisation or work processes, refers to the extent to which the contents of the work are specified or programmed.

Standardisation of work outputs, refers to the extent to which the results of the work, for example the dimensions of the product or the performance, are specified.

Standardisation of worker skills, refers to when the kind of training required to perform the work is specified.

Standardisation of Norms (Values) refers to the extent to which members' co-ordinate their behaviour by virtue of the norms they share, which is in part a result of indoctrination by the organisation.

Mutual adjustment and direct supervision are two co-ordinating mechanisms, which are likely to vary from branch to branch. This is to be expected not only because of the heterogeneous nature of the individuals in the branches but also because the quality of face to face communication is likely to be branch specific. On the other hand the standardisation of work processes and work outputs should 'in theory' be common across all branches. While at a general level this is expected to be the case because of the controls instigated by head office, it is never the less expected that variations will be present between the branches, due to branch specific interpretations of how the contents and outputs of the work are specified. Finally, standardisation of skills is likely to be partially common across all branches because of the common training programmes and packages distributed to the branches. There are, however, likely to be local branch variations due to the staff and managers responsible for communicating the necessary skills and knowledge.

In order to achieve the aim of this research and address some of the limitations of previous research, two research questions are adopted for this study:

1. What are bank employees' perceptions of organisational climate in relation to customer care at the branch level?
2. How do bank employees' perceptions of organisational climate relate to customer retention at the branch level?

2.4 Chapter Summary

This chapter has completed the review of the literature relating to organisational climate and customer retention. It has sought to capture the essence of what is known about organisational climate and distil it to a manageable but comprehensive set of climate themes. The review of the literature and subsequent identification of a research gap, led to the formulation of a research aim and two research questions. The next chapter will now build on the research aims and research questions and describe the methodological approach adopted for this thesis.

3 RESEARCH METHODOLOGY AND DESIGN

There are various methods and techniques available to researchers. The methodology adopted for this study is a ‘within method’ triangulation approach, which uses predominantly qualitative research techniques, supported by quantitative research techniques. The choice of this methodology was determined by the overall aim and context of the research, as outlined in Chapter 2. It was also determined by the skills, preferences and experience of the researcher and the constraints impacting on the data collection. The objectives of this chapter are: to outline the philosophical framework adopted for this study; to provide an argument for choosing a triangulation research method for the research; to build on the methodological approach; to develop a suitable research design and finally, to explain the data collection, coding and analysis procedures.

This chapter is presented in four sections. Section 3.1 outlines the philosophical framework adopted for this research. Section 3.2 outlines the rationale for including a triangulation approach for the research method. It covers the advantages and disadvantages of both the case study and the survey method. Section 3.3 explains the research design which brings together the case study and survey method to provide a detailed programme of research. It includes the research design framework and outlines the data collection methods used in the research. It concludes with a section on methods for verifying qualitative data. Section 3.4 summarises the chapter.

3.1 The Philosophical Framework

Two important concepts in the philosophy of science provide the foundations to a research study. These are ontology and epistemology. According to Blaikie (1995: 6-7) ontology is ‘the science or study of being’. It refers to the ‘claims or assumptions that a particular approach to social enquiry makes about the nature of social reality’. Epistemology is defined as ‘the theory or science of the method or grounds of knowledge’. It refers to the ‘claims or assumptions made about the ways in which it is possible to gain knowledge of this reality, whatever it is understood to be.’

There are ontological alternatives, that are represented as a choice between: objectivism and subjectivism (Morgan and Smircich, 1980); between positivism and phenomenology (Easterby-Smith, Thorpe and Lowe, 1991) and between empiricism and idealism (Burrell and Morgan, 1979). At one end of the spectrum, reality exists externally and independently of it being perceived by the observer. The researcher endeavours to identify causal explanations, and the knowledge of reality is achieved by using objective methods which identify patterns, test and refine theory and make predictions. At the other end of the spectrum, reality is socially constructed and consists of individuals’ interpretations of their circumstances. Knowledge comes from a deeper understanding of meanings and concepts are constructed by the individuals’ view of reality. The researcher may endeavour to reconstruct and reinterpret these meanings from the perspective of those involved.

The positivist ontology is derived from the natural sciences where the aim of studying natural phenomena is to seek causal relationships and to explain and predict events. In

positivist epistemology, knowledge may be based on empiricism, quantifiable observations and statistical analysis. There is, however, much debate as to whether or not the methods of the natural sciences should be used in the social sciences. The answer to this question falls between two extremes of 'yes' and 'no', with a number of intermediate positions between the two. The 'yes' answer leads to a positivist perspective, which argues that in spite of the differences in the subject matter between the natural and social sciences, the same methods of explanation can be used. Reliance on judgement or value statements that are not founded on scientific tests is not considered to be valid in the positivist tradition. The 'no' answer acknowledges that the world of the social sciences is fundamentally different, and that scientific investigation is not appropriate for studying social life. According to Blaikie (1995: 2) 'human beings have the capacity to make decisions about their actions and these decisions have a component of 'free will' which undermines any attempt at explanation and prediction'. Therefore, the contrasting world to the positivist is termed interpretivism. This world is socially constructed and continually reinterpreted by those involved, who develop their own view of meaning and value of their activities.

There are a range of philosophical positions, which are available to the social scientist. From a classical perspective these include: *Positivism*, against which all other positions are a reaction, *Negativism*, *Historicism*, *Critical Rationalism*, *Classical Hermeneutics* and *Interpretivism*. From a contemporary perspective we could include: *Critical Theory*, *Realism*, *Contemporary Hermeneutics*, *Structuration Theory* and *Feminism*. It is not intended to review these different positions but to present the philosophical approach adopted for this thesis, which is the realist position.

The realist ontology accepts that scientific methods can help in understanding, but nevertheless tries to avoid its drawbacks (Harré, 1986). It adopts an interpretive position that there are fundamental differences in natural science and social science and is concerned with developing methods that are appropriate to the subject matter. Unlike positivism, which is concerned with events that are empirically observable, realism is concerned with a reality that exists in three overlapping domains: the 'empirical', which are experiences of observed events; the 'actual', which are events whether they are directly observed or not, which exist independently of the observer and the 'real', which is the underlying tendencies or mechanisms which produce the events (Bhasker, 1986). For this research the realist position allows for the assumption that the practices and procedures in the bank branches are real. Although it may be possible to observe some of these events, the vast majority can only be accessed through the subjective accounts of the branch staff's perceptions and others may be revealed through researcher observations that may require further research and verification.

The notion of truth exists within the realms of the realist philosophy. Because of this, it is, therefore, possible to prove or disprove theories and eventually come to a true description of a phenomenon. To arrive at that level of understanding, a range of frameworks and models are available to assist the realist researcher.

3.1.1 Methodological choices

Traditionally, the choice between quantitative and qualitative research methods has been linked to epistemological preferences. Most climate research has adopted a positivist approach, which typically advocates the use of quantitative research methods. This perspective asserts that direct experience is the only reliable basis for scientific knowledge and that these direct experiences or observations can only be received objectively by the researcher, who must remain unprejudiced and detached from the phenomenon under study (Blaikie, 1995). In contrast, an interpretivist's perspective often adopts qualitative research methods. Interpretivists typically believe that the subject matter of the social sciences is fundamentally different from the natural sciences and therefore should be approached in an appropriate way. Interpretivists assert that the researcher can only gain knowledge of the subject matter if it is viewed from the perspective of those involved. The social reality of the interpretivists is, therefore, deeply subjective and is derived from the meanings and concepts constructed by the people themselves. Miles and Huberman (1994), however, see no reason to link the choice of quantitative and qualitative research methods to epistemological preferences. For example, Howe's analyses (1985, 1988) has shown that these methods are 'inextricably intertwined' not only at the level of specific data sets but also at the levels of study design and analysis. Blaikie (1995) also argues that realism does not insist on a particular method, but on methods that are appropriate to the nature of the enquiry. Finally, Huff and Reger (1987) argue that research methods should be varied in order to give greater insight and understanding.

This research focuses on qualitative research methods linked to quantitative research methods to overcome the limitations of climate research as outlined in Section 2.3.2. The basic assumption in doing this is that the weaknesses of one method will be compensated by the counter-balancing strengths of another. This is because it is assumed that multiple and independent measures do not share the same weaknesses or potential for bias. The viability and necessity of linking qualitative and quantitative research has been advocated by various social scientists (Jick, 1979; Rossman and Wilson, 1984, 1991). Specifically, there are three broad reasons for linking qualitative and quantitative data, which are compatible with this research study:

- a) to enable confirmation or corroboration of each other via triangulation,
- b) to elaborate or develop analysis, providing richer detail and
- c) to initiate new lines of thinking through attention to surprises or paradoxes, 'turning ideas around' and providing fresh insight (Rossman and Wilson, 1984, 1991).

As already discussed in Section 2.3.2, previous climate research that has adopted a quantitative research approach has also typically relied heavily on dimensions to measure climate. As previously noted Poole (1985: 90) argues that adopting a dimensional approach '...does violence to the representation of climate'. An individual typically does not respond to a specific dimension, which in turn impacts on their behaviour. It is much more likely that it is an individual's response to a whole series of issues, which is likely to effect their behaviour. This research has, therefore, adopted a

gestalt approach to climate research, where the various themes that have been identified in Section 2.2 are explored together, to ensure a comprehensive overview of climate.

3.1.2 Lay language

According to Blaikie (1995) a key issue for the social science researcher is what position to adopt in terms of the role of lay language. Positivism explicitly rejects the role of lay language in description or explanation in preference for technical language and an external view. On the other hand, realism with its interpretive basis places great emphasis on the importance of lay language. Within the realms of interpretivism there are, however, different views about how lay language should be used and how important it is to the social science researcher. For the purposes of this thesis it is not intended to present the alternative perspectives of these differing views but to outline the approach adopted for this study.

For those who accept that lay language has a role in the development of social theory, their views differ in three ways. Firstly, to what extent should ‘foreign’ concepts be allowed to be imported into the researcher’s account before it stops being authentic and useful i.e. how does one retain the integrity of the phenomenon. This research follows the approach adopted by Gill and Johnson (1991), that by gaining the agreement of the actors, the researcher’s account is validated. Secondly, to what extent can one generalise from and therefore decontextualise sociological accounts? This research is concerned with theories which are not concerned with discovering scientifically, statistically significant relationships between variables, but with theory generation within the limits of generalisability defined by the context of the study (Bryman, 1996). Thirdly, to what extent is it appropriate to correct or interpret lay accounts? This research follows the approach adopted by Giddens (1987) which argues that actors’ concepts and meanings must be translated into descriptions, which can then be further translated into theories. Before doing this and in order to preserve the authenticity of the lay accounts, the interview transcripts were ‘literally’ transcribed. Grammar and use of slang was not ‘tidied up’ for the purposes of the study but left untouched in the original.

3.2 Linking Qualitative and Quantitative Data

Mixing qualitative and quantitative methods is often referred to as triangulation (Jick, 1979). There are essentially two types of triangulation, the ‘between method’ and the ‘within method’. The ‘between method’ or ‘across method’ type uses two or more distinct methods to study the same phenomenon and check for external validity. The ‘within method’ type (Denzin, 1978: 301) uses multiple techniques within a given method to collect and interpret data and check for internal consistency or reliability. The methodology adopted for this study was a ‘within method’ triangulation approach, which used predominantly qualitative research methods, supported by quantitative research methods. The two methods adopted were the case study method and the survey method.

3.2.1 The case study method

The research questions developed in Section 2.3.2 are concerned with exploration, description and understanding. This would imply that the case study method is particularly suitable when the form of the research question focuses on explanatory ‘how’ and ‘why’ questions, when the research is examining on-going contemporary events and when specific behaviours cannot be manipulated (Yin, 1994). The need to focus on contemporary events would tend to rule out case histories, although it must be acknowledged that there may be attempts to discuss the past in order to explain some contemporary events. This research study is also not concerned with the control of events, therefore, experimental and action research strategies are considered to be inappropriate. Yin (1994) asserts that if the research questions focus on ‘what’, as research question one of this thesis does, then as long as the question is not concerned with the ‘how many’ or ‘how much’ line of inquiry, but with exploration of the field, then it is justifiable to include the question in the case study method.

The main advantages of the case study method are that it is comprehensive and informative. The data provides ‘richness and holism, with a strong potential for revealing complexity; such data provide “thick descriptions” that are vivid, nested in a real context, and have a ring of truth that has strong impact on the reader’ (Miles and Huberman, 1994: 10). With the case study method it is also possible to preserve the chronological flow and see precisely which events lead to which consequences and therefore derive fruitful explanations. The case study method is particularly well suited for exploring people’s ‘lived experiences’ their ‘perceptions, assumptions, prejudgements, presuppositions’ (van Manen, 1977) and for connecting these meanings to the social world around them. According to Miles and Huberman (1994) good qualitative data is more likely to lead to serendipitous findings and to new integrations as ‘they help researchers to get beyond initial conceptions and to generate or revise conceptual frameworks’ (Miles and Huberman, 1994: 1). The case study approach is, therefore, well suited for climate research and overcomes many of the disadvantages of the traditional quantitative approaches adopted by previous climate researchers.

There has, however, been doubt cast over the reliability and validity of the case study method, (Dawson, 1979, 1982; Ginsberg, 1990; Kirk and Miller, 1986; LeCompte and Goetz, 1982). Criticisms include the labour intensity of data collection, data overload, researcher bias, time demands on processing and coding the data, the adequacy of the sample, the generalisability of the findings and the credibility of the conclusions. Perhaps though the most serious problem with the case study method is that the research design is frequently not rigorous enough to be methodologically sound (Miles, 1979). In order to overcome these problems of reliability and validity in the case study approach, Section 3.3.6 discusses methods for verifying qualitative data for this research study.

Yin (1994) defines a case study in two ways. First, a technical definition which begins with the scope of the case study.

‘1. A case study is an empirical inquiry that:

- investigates a contemporary phenomenon within its real-life context, especially when
- the boundaries between phenomenon and context are not clearly evident’ (Yin, 1994: 13).

The case study method, therefore, would be used when contextual conditions need to be covered. Because in real-life situations phenomenon and context are not always distinguishable, Yin explains that a whole set of other characteristics, including data collection and data analysis strategies, become the second part of the technical definition.

‘2. The case study inquiry

- copes with the technically distinctive situation in which there will be many more variables of interest than data points, and as one result
- relies on multiple sources of evidence, with data needing to converge in a triangulating fashion, and as another result
- benefits from the prior development of theoretical propositions to guide data collection and analysis’ (Yin, 1994: 13).

These definitions and the advantages of the case study method are compatible with the proposed research study. The next section considers the survey method as part of the ‘within method’ triangulation approach.

3.2.2 The survey method

The survey method, is probably the most widely used methodology in management research (Babbie, 1973). A survey is concerned with addressing the particular characteristics of a specific sample of respondents. This can be done either at a fixed point in time, a cross-sectional study or, at varying times, a longitudinal study for comparative purposes. The main purpose of using the survey method is to ensure that any subsequent assessment of that sample population is accurate and the findings can be generalised. That is, they have population validity.

The survey is, therefore, defined as a method of primary data collection based on communication with a representative sample of individuals. It usually involves designing and administering a questionnaire. The decisions about how respondents are to be contacted and the requisite information to be elicited depend on three factors: the size of the sample; the geographical dispersion of the sample and the complexity of the information required. When administering the questionnaire there is a choice between face-to-face interviews, which are administered personally or through a third party or postal surveys, which are self administered by the respondent.

The main advantage of survey research is that it provides a quick, inexpensive, efficient and accurate means of assessing information about the population.

The main problem with the survey method is that reports, both written and verbal are limited in terms of depth and scope and in terms of what the respondent is willing and

able to report. Whilst being able to partly address the ‘what’ question as developed in Section 2.3.2, the ‘how’ and ‘why’ questions are more explanatory and as such, are likely to favour the use of case studies, experiments or histories as opposed to surveys (see Section 3.2.1). This is because the ‘how’ and ‘why’ questions often deal with operational links needing to be traced over time, rather than mere frequencies or incidence (Yin, 1994: 4-9). As already discussed, these problems with the survey method have been central to the criticisms of the classic positivist approach of climate researchers. They often took as their main objective the development of a universal set of dimensions that would allow for comparative generalisations regarding perceived organisational climate and in so doing, often ignored the rich meaning of the climate setting (see Section 2.3.2). By linking the quantitative survey method together with the qualitative case study method it is hoped that the advantages of one method should outweigh the disadvantages of the other method and provide an informative overview of the relationship between employees’ perceptions of climate and customer retention.

3.3 Research Design

The logic for linking the qualitative case study method with the quantitative survey method is attractive for climate research. This section first defines the broad parameters of the study’s design. It goes on to consider the research design which brings the case study method and survey method together and provides a detailed programme of the research to be undertaken to achieve the research questions as outlined in Section 2.3.2.

3.3.1 Components of research design

Yin (1994) considers five important components of a research design for case study research, which are outlined below:

(i) The study’s questions

The research questions developed for this study focus on exploratory *what* and explanatory *how* questions. The *what* question is concerned with finding out what are employees’ perceptions of organisational climate in relation to customer retention and the *how* question is concerned with looking at how employees’ perceptions of organisational climate relate to customer retention. These types of questions suggest that a case study approach would be predominantly appropriate for this research but, as previously discussed, by including a survey approach which is compatible with the *what* question it is hoped that it will provide rich insight into the study of climate and customer retention.

(ii) The study’s propositions, if any

Yin argues that exploratory studies have a legitimate reason for not having any propositions, since that is the whole purpose of the research. However, every exploration should still have a purpose and be clear about that purpose. Here the purpose is to understand how employees perceive organisational climate in relation to

customer care within a particular setting and to understand how employees' perceptions of climate relates to customer retention.

(iii) The study's unit(s) of analysis

According to Yin (1994) the problem of adequately defining the unit of analysis has plagued many investigators at the outset of a research study. The unit of analysis, for example, might be the individual, the organisation, practices, relationships, a country's economy or even the world marketplace. Previous quantitative climate research (Schneider, Parkington and Buxton, 1980) has taken the unit of analysis to be the organisation, that is *the bank*. It is, however, not known in what ways the climate for customer care differs from branch to branch and how that relates to customer retention at a branch level. The focus of this study, therefore, is on examining the nature of organisational climate and customer retention at a specific bank branch level. The unit of analysis is, therefore, the bank branch.

However, in the context of this research, a clear distinction needs to be drawn between the unit of data and the unit of analysis (James, Joyce and Slocum, 1988). The unit of analysis i.e. each bank branch is made up of individuals and it is their perceptions of organisational climate, which is the concern of this research (Hall and Schneider, 1973; Schneider, Parkington and Buxton, 1980; Schneider and Bowen, 1985). The key issue is, therefore, under what conditions individuals' perceptions may be aggregated to other units of analysis? James (1982), Joyce and Slocum (1984), and James, Joyce and Slocum (1988) agree that the way to study climate in organisations is to aggregate individuals' climate scores based on the agreement of how they describe their environment. Jackofsky and Slocum's (1988) research and Young and Parker's (1999) also provided additional evidence that supported the validity of collective climates. According to Schneider (1990: 388) '... perceptions will always come from individuals, but the analysis of individuals' perceptions may occur at any *meaningful* level. That is, perceptions collected from individuals must be such that the level to which they are aggregated makes conceptual sense'. Perceptions may, therefore, be aggregated to other levels of analysis by providing respondents with the frame of reference appropriate for the level of analysis for which the data will be used (Roberts, Hulin and Rousseau, 1978; Rousseau, 1985). For example, research regarding employees' perceptions of recognition and rewards in a bank branch may permit aggregation of the branch employees' data to provide a bank branch view with respect to the rewards and recognition at the branch. It is, therefore, the intention of this research study to focus on individuals' perceptions of organisational climate and to aggregate that data at the specific branch level.

(iv) and (v) The logic linking the data to the propositions, and the criteria for interpreting the findings

These two components represent the data analysis steps in case study research, and a research design will lay the foundations for the analysis. The logic linking the data to the propositions is concerned with what will be done after the data has been collected. In the absence of propositions (see (ii) above) this component may be considered to be the relationship between the research aims and the data. Data analysis will be described in detail in Section 3.3.5.

In considering the final component, the criteria for interpreting the findings, Yin (1994) argues that although there are no precise ways of setting the criteria for interpreting findings in case studies, researchers should nevertheless be clear about the criteria by which the study will be judged successful. The criteria by which this study will be judged successful are as follows:

- There should be clear, understandable and plausible contrasts in organisational climate between the high retaining branches and the low retaining branches.
- It should be possible to typify the characteristics in terms of organisational climate of high retaining and low retaining branches.

Having identified the five components of a research design, the next section considers the practical issues of case selection before going on to outline the research design framework.

3.3.2 Case selection

The purpose of the study is not to make comparisons between industry sectors, or to project to the population as a whole, but to explore the drivers of customer retention from an organisational climate perspective. It was, therefore, important to choose an industry which has a branch network, is capable of measuring customer retention rates by branch and which is likely to have varying retention rates within the branch network. It was also important to choose an industry that had a sufficiently large enough branch network, so that matched sets of branches could be selected. By choosing one company within an industry rather than multiple companies, it is also possible to control for a number of variables between the branches so that variations in retention are not explained by different products or services sold, different management structures at group level and so on.

The organisation chosen for the research is a major UK retail bank. A number of banks were approached to see if they were interested in being involved with the research. Without exception they were all interested, but only one was identified as capable of tracking customer retention rates by branch for their entire network. This particular bank was also very interested in understanding more about customer retention at a bank branch level. Senior management believed, that despite the advent of telephone banking and internet banking, that branches would still continue to play a pivotal role in the provision of customer care and therefore want to be able to provide the conditions necessary to facilitate that service offering. Research sponsored by the bank in 1999 showed them that 70% of their customers still go into a branch for their personal banking requirements.

In return for allowing access to their branch network and employees, the bank's senior management insisted that the identity of the bank should remain anonymous. Because of the condition of anonymity it is not possible to discuss full details of the bank's operation. However, there were a number of major initiatives that had been launched by the bank in recent years, which provide a context for this study and are now discussed as follows.

As previously described in Chapter 1, the financial services industry in the UK has become highly competitive. In an attempt to maintain and increase market share, many organisations have become sales orientated, focusing on chasing customers and developing strategies for increasing sales rather than focusing on customer retention. The bank that is the subject of this study had a very aggressive sales strategy at the time of the research. It had trained sales executives in every branch, whose primary objective was to increase sales. The strategy for achieving increased sales in the branches varied from branch to branch. In many branches, the customer service officers were expected to provide the sales executives with referrals that they would identify during the course of the day from their dealings with the customers. For example, when a customer came in to a branch to pay a bill, the customer service officer would ask in passing if they would be interested in house insurance. If they were interested they would ask the customer to see a sales executive there and then or, would ask if it was convenient for a sales executive to call them at home, or for them to make an appointment to come back to the branch.

Another way of increasing sales that was common practice in many branches was to research the database to try to find leads that could be pursued. For example, if the bank was focusing on house insurance, the database would be used to identify customers who could benefit in some way from this product. The customer would then be either sent a letter or telephoned at home during the evening. In some branches this 'cold calling' was undertaken by customer service officers, in other branches it was undertaken by both customer service officers and sales executives, and in other branches it was solely the domain of the sales executives.

The sales executive's remuneration was part salary and part commission. However, it should be noted that the commission rates and incentives were very generous for the sales executives and far outweighed the rewards that could be achieved by being a customer service officer. For example, a typical bonus for a sales executive may be £800 per month but for a customer service officer who has referred business to the sales executives, their bonus would be only approximately £40 for the month. This caused a certain amount of concern in most of the branches, but the way that it was dealt with varied from branch to branch.

Like many others companies in the financial services sector which focused on developing sales, there was an acknowledgement that providing good customer service was also essential in such a competitive environment. In terms of customer service, this bank had been undergoing some major developments. The first, was a 'Total Quality Management' initiative where all the employees across the whole branch network underwent intensive training to improve quality throughout the bank. A network of 'quality circles' comprising groups of six to eight volunteers was set up across the country. A quality representative from each of the branches joined in a 'quality circle' formed from a number of branches within the same area cluster. It was expected that the quality representatives would meet with other members of staff from within the branch to discuss quality issues and ideas and suggest plans to improve quality throughout the branch. The quality representative was expected to help drive the initiative from within the branch and provide support to other members of staff to become involved in improving quality. Having had the individual branch meetings, the quality representative was then expected to join area meetings where quality

suggestions from all the branches would be discussed and plans and strategies suggested to senior managers and head office.

The second initiative was a customer service training programme called 'Starburst'. All the staff, including the managers, attended a one-day 'Starburst' training programme, which was rolled out in stages throughout the branch network. The programme emphasised the need for high standards of customer service. It highlighted the importance of employee behaviour in greeting the customer, using the customer's name, staff appearance and body language. It also helped staff understand how to deal with handling complaints, 'difficult customers' and the importance of product knowledge and the need to spot selling opportunities. Overall the programme emphasised that all customers should be treated as individuals and that employees should go out of their way to be helpful to customers and provide them with excellent customer service. The course was followed up with training videos and scenarios that the staff had to work through. In support of the customer service training, each branch was 'mystery shopped' on a regular basis and the results given back to the branches in the form of a league table. If the branch performance was particularly poor, problem areas were highlighted for the branch to focus on for the future. The branches' response to both the 'Total Quality Management' and customer service initiatives varied widely, with some of the branches embracing these initiatives wholeheartedly, whilst others treated them as just another fad.

It should be noted that whilst sales data and 'mystery shopper' data for each branch was reported back to the branches, customer retention rates were not reported to the branches. The staff and the managers of the branches were not allowed to know this information. In fact, the bank as a whole collected this data but did not use it in any way. Therefore, as the staff and managers in the branches were not allowed to know their customer retention rates, these bank branches represent ideal case studies in which to conduct research into customer retention.

Having chosen a main UK retail bank as the focus for this study, the next section outlines the research design framework which brings the case study method and survey method together. It provides a detailed programme of the research to be undertaken to address the research questions as outlined in Section 2.3.2.

3.3.3 Research design framework

Having chosen a UK retail bank as the focus for this study the next step involved deciding how many case studies i.e. branches should be included as part of the study. Yin (1994) discusses at length the issue of deciding the number of cases for a research study. He considers that single cases are appropriate when a case represents a critical case in testing a well-formulated theory, or when the case is extreme or unique or when it provides the researcher with an opportunity to observe and analyse a phenomenon, i.e. a revelatory case. Multiple cases, however, are used for comparing different instances of the same phenomenon, which is the aim of this research study.

Yin (1994: 45) argues that '*a major insight is to consider multiple cases as one would consider multiple experiments* - that is, to follow a "replication" logic'. He distinguishes between *sampling logic* used in survey designs and the replication logic

used in multiple case study designs. With multiple case study designs each case must be carefully selected to either predict similar results i.e. a literal replication or to produce contrasting results but for predictable reasons i.e. a theoretical replication. In this research study it was decided to undertake six case studies in total from the overall branch network. Three of the six case studies would be bank branches with low customer retention rates and the other three branches would have high customer retention rates. Because of the small number of cases in each group, this research aims to produce a literal replication in each of the three cases. The decision to undertake six case studies was determined not only by a consideration of what is the ideal number of cases but also by resource limitations, time constraints and issues of access.

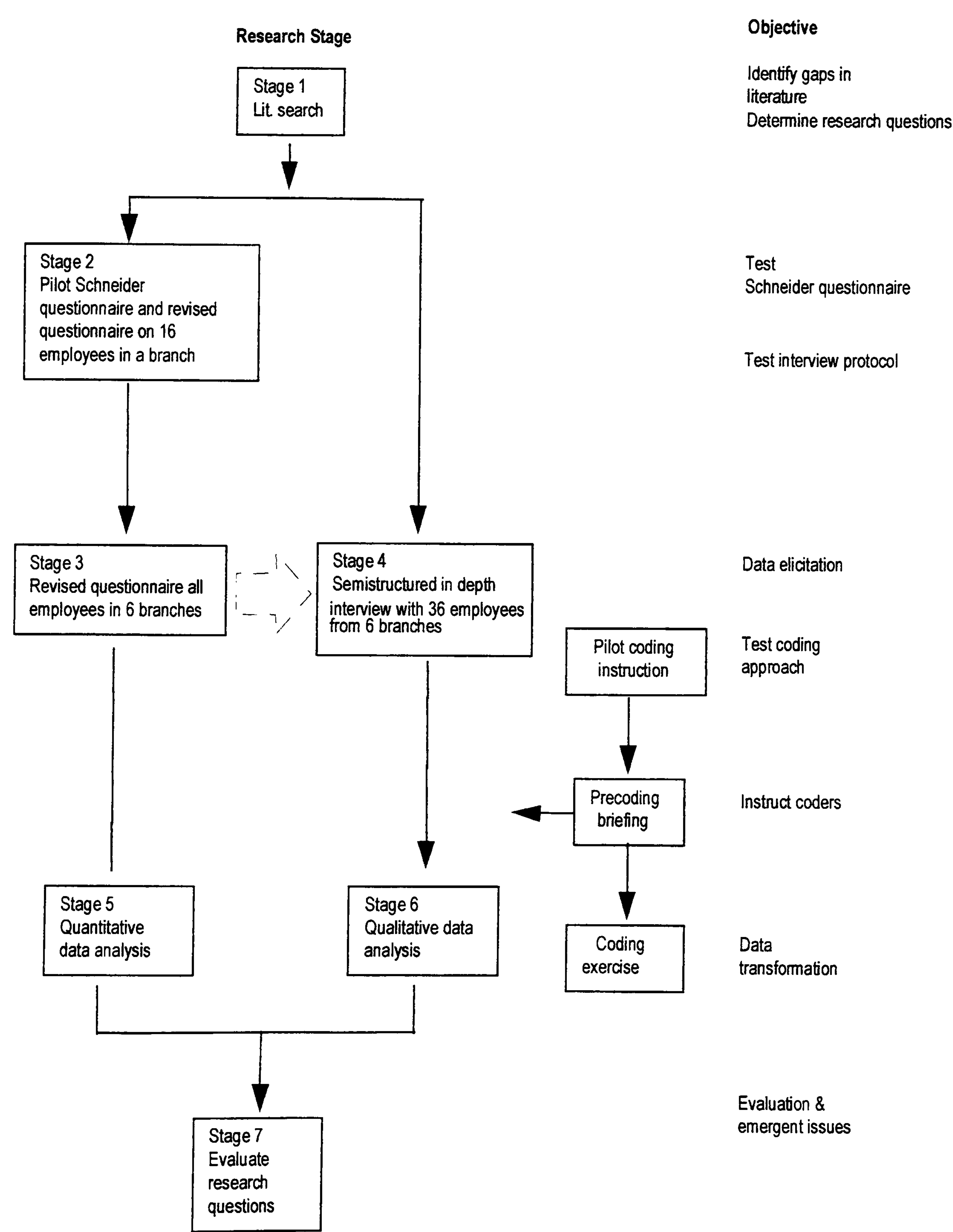
The six branches chosen for the study were matched as closely as possible by taking into account variables such as: geographic location; local competition; branch size; number of staff; footfall within the branch; population of the town and demographic profile of customers. Appendix C shows a summary of the branch retention rates and all the variables considered in selecting the six branches in order to match them as closely as possible. The process used to select the six branches ensured that only branches with more than 900 accounts, which had been open and active (last transaction within the last 30 days) for three years, were considered. This is because this particular bank has many branches with very few customers and the bank wanted to focus on the larger branches. The bank also asked that the study focus on town centre branches rather than city centre branches, as they were particularly interested in these branches from a relationship building perspective. The remaining branches were split into three groups, those with retention rates of over 70%, those with retention rates of less than 64% and those with retention rates that fell in the middle. This last group was not considered for the sample. There were 44 branches that had a retention rate of higher than 70% and 100 branches with a retention rate of less than 64%. The next step was to try to match three high retaining branches with three low retaining branches from the remaining branches. This was done based on the variables already mentioned and by working from the highest retaining branch down and the lowest retaining branch up, until three high retaining branches and three low retaining branches had been selected. *It should be stressed that the researcher did not know whether the retention rates of the individual branches were high or low until after the interviews in the branches had taken place.*

A final choice is to decide whether the study should be multiple-case *holistic* or multiple-case *embedded* (Yin, 1994). Multiple-case holistic refers to multiple cases involving a single unit of analysis, whereas multiple-case embedded refers to multiple cases involving multiple units of analysis. As the focus of this research is organisational climate and customer retention at a bank branch level (multiple cases), the individual employees' perceptions of climate within each bank branch are the sub-units of analysis. This research study is, therefore, pursuing a multiple-case embedded design.

Figure 3.1 presents the research design for the study. The research was divided into seven stages: Stage 1 covered the literature search, identifying the gaps in the literature and the development of the summary themes. Stages 2 to 7 covered the fieldwork and analysis. Stage 2 is essentially testing and replicating the Schneider, Parkington and Buxton (1980) questionnaire and the revised questionnaire (see Section 3.3.4). It also enabled the interview protocol to be tested before the main fieldwork was undertaken.

The structured questionnaires from Stage 3 then provided a platform from which to conduct the semi-structured in-depth interviews in Stage 4. The quantitative and qualitative data analysis then took place in Stages 5 and 6. Finally, Stage 7 provided an opportunity to evaluate the research questions and explore the emergent issues from the research. Each of the main sections in Figure 3.1 will now be discussed in further detail.

Figure 3.1 – Schematic illustration of the research design



3.3.4 Data collection - Interview structure and protocol - Stages 2, 3 and 4

The benefits of linking quantitative and qualitative data to improve the richness of the data, and the reliability, dependability, credibility and validity of the research has already been discussed in Section 3.2 (see also Section 3.3.6). Therefore, the combination of data collection methods, which have been used for this study include: survey; documentation; archival records; interviews and direct observation.

Survey

The survey approach was adopted by Schneider, Parkington and Buxton (1980) and Schneider and Bowen (1985) when they examined employees' perceptions of organisational climate in terms of practices and procedures in relation to service in a retail bank setting. Although there are limitations to these studies as outlined in Section 2.3.2, the questionnaire developed by Schneider, Parkington and Buxton (1980) was used in this study (see Figure 3.1, Stage 2). It was used for four reasons:

- a) This study is also concerned with examining employees' perceptions of organisational climate in relation to customer care in a retail bank setting, although in the UK as opposed to the USA.
- b) It can be used to quantitatively test the research questions and triangulate those findings with the qualitative data analysis.
- c) It serves to highlight some of the limitations of the quantitative approach as previously discussed.
- d) It provides a very useful basis from which to conduct the semi-structured interviews.

The purpose of using the questionnaire as a platform to conduct the semi-structured interviews in the main fieldwork is to 'warm up' the respondents to the nature of the study. The intention was to get them thinking about the issues covered in the questionnaire, so that they were already attuned to the subject area and valuable time was not wasted familiarising them with the topic.

Before the Schneider, Parkington and Buxton (1980) questionnaire could be used, it was first piloted with all the employees of a branch, which was not one of the sample frame, to check for understanding in an UK context. The questionnaires were completed during face-to-face interviews and administered personally so that any misunderstandings could be checked straight away. The questionnaire was subsequently modified and piloted again

The revised questionnaire was then used as a platform to conduct the semi-structured interviews in the main field work (Appendix D shows the final questionnaire and covering letter which was used for the fieldwork). The questionnaire was sent to all the employees in all six branches. Each questionnaire was accompanied by a covering letter explaining the research, stressing the confidentiality of the research and requesting co-operation. These letters were then followed up by a telephone call to the branch manager to discuss any concerns he or she may have. The manager was

reassured of the confidential nature of the work and to asked to distribute the questionnaires just prior to the main interview (see Figure 3.1, Stage 3).

Sources of evidence for case study research

Within the domain of case study data, Yin (1994) identifies six sources of evidence for case study research, these include: documentation, archival records, interviews, direct observation, participant observation and physical artefacts. Participant observation was not considered to be appropriate, as it is not part of the research design for the researcher to participate in the study. Physical artefacts are also not considered to be a fundamental part of this research.

Documentation and archival records

The examination of documentation and archival records was also used as a source of data for triangulation purposes for this study. For example, information on noticeboards, mystery shopper scores, organisational records, employee records, site data, etc. Details of this information are provided with the case study analysis.

Interviews

The semi-structured interviews were conducted with a representative sample of six employees from each branch (see Figure 3.1, Stage 4). In each branch typically, the manager, the assistant manager/supervisor, a sales executive and three customer service executives were interviewed. Excepting the manager and the assistant manager, the other members of staff were selected on a random quota basis from the staff listings for each branch. Typically, every fourth member of staff on the list was selected until the quota was filled. The employees were asked to bring their completed questionnaires to the interview. The questionnaire was then put to one side and they were given an uncompleted questionnaire. The reason for this was to ensure that they didn't feel that their questionnaire was being scrutinised, which would perhaps make them feel self-conscious about their responses.

The interview started with a brief discussion of the research topic and why the interviews were taking place. The respondents were reassured about the confidentiality of the interview and asked if they had any concerns regarding the research. They were then asked if they had any concerns about the questionnaire i.e. were there any issues that were omitted which they thought should have been included, or were there any issues that were included which they thought shouldn't have been included. The respondents were then asked were there any particular events/situations that came to mind when they were completing the questionnaire. These responses were fully probed and they were then asked about the particular practices and procedures that related to customer care at the branch. If any of the topics covered by the research themes were not mentioned, or the course of the interview was straying too far from the subject, the respondents were then prompted to steer the interview back on course. Prompts, however, were kept to a minimum to avoid constraining the respondent (Gill and Johnson, 1991). Once the interviewer considered that the respondent had nothing further to add, a summary of the key points was made back to the respondent. This ensured that the correct interpretations had been made and that the respondent had

provided a valid overview of their perceptions of the practices and procedures at the branch.

Particular care was taken during the interviews not to apply too rigid a structure in the interview to allow the respondent to express his or her views about the practices and procedures at the branch. Otherwise the interview just becomes another structured interview with single responses to questions. This method was found to be relatively time efficient, with an average interview time of one hour. There was only one interview per respondent, which is less time-consuming for them and for the branch, and it also makes the task of co-operation less onerous. All interviews were recorded on audiotape with the permission of the respondents and transcribed immediately after the interview. The tapes were kept for repeated listening to verbal clues such as voice tone and emphasis. The respondents were happy to be recorded and often liked having the opportunity to share their experiences with 'an outsider'. After a short while they usually seemed to forget about the tape recorder.

Direct observation

According to Yin (1994), making a field visit to the case study site provides the researcher with the opportunity for direct observation. By doing this, some relevant behaviours or environmental conditions are available for observation and contribute as another source of evidence to the case study. For the purposes of this research study informal direct observation was undertaken at each of the six bank branch sites. These observations took place when the sites were visited to undertake personal interviews. Examples of observations taken at each of the bank branches included branch layout, branch presentation, environmental conditions and relevant behaviours. Information about the observations is included in the case analysis.

3.3.5 Data analysis - Stages 5 and 6

The quantitative data analysis for Stage 5 includes analysing the questionnaires for all the employees in all six branches. These questionnaires were analysed using SPSS to calculate the correlation coefficients between the employees' perceptions of the practices and procedures in relation to customer care, and customer retention rates of each of the bank branches. The quantitative data is presented for the high and low retaining branches in Chapter 6.

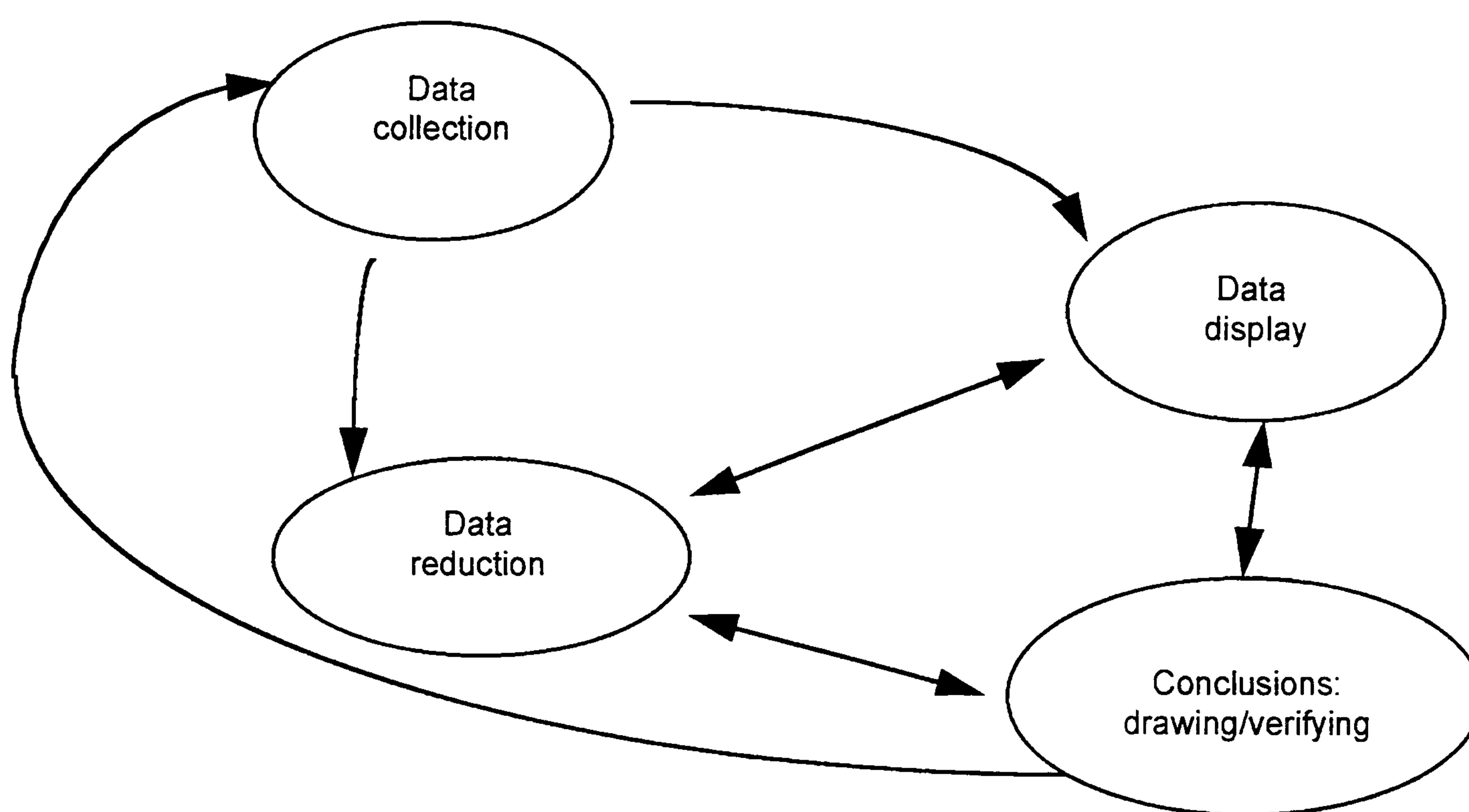
The research design developed for the qualitative part of this study followed a multiple-case embedded design. The six bank branches in two groups of three (three high retention branches and three low retention branches) were the multiple cases and the individual employees' perceptions of climate within each of the bank branches were the sub-units of analysis. In such cases Yin (1994) argues that the appropriate analysis of the embedded unit of analysis should first be conducted *within each case*. These results can then be considered as one of several factors in explanation building at the single-case level and should be interpreted at that level. The explanations for each single case can then be compared *across cases*, following the literal replication logic for multiple cases as described in Section 3.3.3. The conclusions for the multiple cases within each of the two groups of branches i.e. low retaining branches and high retaining branches, then become the conclusions for the qualitative analysis (see Figure

3.1, Stage 6). The following outlines the broad strategy for within-case analysis and cross-case analysis.

Within-case analysis

The within-case analysis for this research study follows the strategy adopted by Miles and Huberman (1994). Figure 3.2 shows the components of data analysis starting with data collection and then moving among and between three concurrent flows of activity: data reduction, data display and conclusion drawing and verification. Each of these three streams of subsequent activity are summarised as follows:

Figure 3.2: Components of data analysis: Interactive model



Source: Miles and Huberman, 1994

1. *Data reduction*

Data reduction refers to the process of selecting, abstracting and condensing the data that appears in the transcriptions. It occurs at every stage of the research process, starting before the data has been collected, when the researcher is deciding which cases, questions and frameworks to use. It continues through analysis when analytic choices must be made regarding which data to code, which to summarise and which themes to tease out, until conclusions can be drawn and verified and the final report is completed. Data reduction is invariably fraught with the danger of introducing researcher bias, both in terms of the data selected and the interpretation of that data. This research study, therefore, followed the approach recommended by Miles and Huberman (1994) for summarising and analysing data. The methods used were: coding, pattern coding, and memoing.

Coding, Codes and Memoing

Coding is essentially analysis. According to Miles and Huberman (1994), it is about reviewing transcripts and dissecting them meaningfully, whilst at the same time keeping the relations between the parts intact. It involves differentiating and combining the data retrieved and the reflections about the information.

Codes, however, are the tags or labels for assigning meaning to the text and are an efficient way of managing and retrieving the data. The text can be of varying sizes from words to paragraphs. The choice of the code word is important as its purpose is to ‘stand for’ the word or phrase, to give it significance in a particular context. Codes are then used to retrieve and organise the text, and cluster the material relating to the research themes and questions.

The process adopted for creating codes, coding the transcripts and analysis was that recommended by Miles and Huberman (1994). It should be noted that although the process is presented linearly, in reality the process was very iterative and ‘messy’.

1. A provisional ‘start list’ of codes was created prior to the fieldwork. The list was developed from the research themes developed in Section 2.2.
2. Each category from the ‘start list’ of codes was given an operational definition in the form of a specification for putting further instances into the category. This was essential to ensure consistency of meaning over time. Appendix B shows a short descriptive label and operational definition for the general categories, the individual codes and dimensions. The codes and categories were given names closest to the concept they were describing.
3. Interview transcripts were then reviewed and coded based on this provisional ‘start list’ of categories and codes. The coding and categorisation scheme was developed and modified again and again, until all the relevant data from all the sources was accounted for and it became clear which category future data would be assigned to. The word processor’s capacity to search, retrieve and change character strings was used to speed up this process, as there were many changes to the coding scheme during the early stages of analysis. Finally, a list of current codes and categories was maintained, with an operational definition of each code. Appendix E shows the revised coding scheme and Appendix F shows the coding sheets developed as a template for analysing the transcripts from each of the branches. The following is an example of text with some of the codes used in branch 2:

‘...the manager might, or whoever else...might want a session where he will call staff in, and he will say we have a problem here, talk to me, and we will go through different ideas of resolving the problem.’ [S-PARTICIPATION HIGH 3, S-COMMUNICATION OPEN 4, BRANCH 2, CUSTOMER SERVICES OFFICER, MW,]

The codes show that the interview took place in Branch 2, with a member of staff who was a Customer Services Officer, who had the initials 'MW'. From the text it can be seen that the member of staff perceived that the staff were involved in branch activities and decision making, hence the code 'S-PARTICIPATION HIGH 3'. 'S-PARTICIPATION' refers to the climate theme 'structure' with the dimension of 'participation'. 'HIGH' means that it is perceived that there is participation in the branch and '3' means that this is the third time that participation has been mentioned in this interview. Similarly, 'S-COMMUNICATION OPEN 4', means that this member of staff perceived that there was open communication in the branch between the staff and the managers. The dimension of 'communication' is located in the climate theme of 'structure' and this is the fourth time communication has been mentioned in this interview.

4. Check-coding was undertaken by having two independent people to code the same transcript separately and discussing and refining the codes throughout the process. The coders continued doing this until they agreed on, for example, how big a codable block of data was and that they were using the same codes for the same block of data. This not only aided definitional clarity but also acted as a good reliability check (Mishler, 1986). One of the coders was a full-time research student, studying for a research degree. The other person was a manager, who had an MBA and was interested in the subject of this study. Internal consistency was achieved by coding the first dozen pages of a transcript and then a few weeks later coding it again on an uncoded copy to see if the data is coded in the same way. Code-checking continued between the coders until both intra- and intercoder reliability reached the 90% range for reliability as recommended by Miles and Huberman (1994). Reliability was calculated by taking the number of agreements between the coders and dividing it by the number of agreements plus the number of disagreements. Finally, a check code was undertaken two-thirds of the way through the study to ensure that the coding had not drifted away from what was originally intended.
5. 'Memos' were entered into the transcripts as they occurred during the process of categorising and coding the data. They are primarily conceptual in intent and are intended to tie together different pieces of information, support or refute relationships and even go beyond coding to any aspect of the study. According to Miles and Huberman (1994: 72) 'They are one of the most useful and powerful sense-making tools at hand'.
6. The word processor was then used to search and retrieve codes and categories and to organise the information by theme, from which began an iterative process involving building connections and relationships with the existing themes and research questions already identified. Yin (1994) also recommends this approach as a tactic that can be used by the researcher to bring order to a mass of raw data, which allows it to be reduced to manageable proportions as a prelude to future analysis. Finally, a list was maintained of any emerging themes for future research.

2. *Data display*

The most common form of data display used for qualitative analysis is the extended text. Miles and Huberman (1994), however, criticise this form of data display, arguing that it is cumbersome, dispersed, sequential rather than simultaneous and poorly structured. Faust (1982) also suggests that extended text can overload our information-processing capabilities and preys on tendencies to simplify information. An alternative method of assembling and organising information, which has been used in this research study, is recommended by Miles and Huberman (1994). They advocate using other forms of data display such as matrices, graphs, charts and networks.

The tactic of ‘counting’ can be used as an important part of data displays and a number of qualitative researchers routinely use frequency counts in their research (Denzin, 1978; Smith, 1982). Miles and Huberman (1994) argue that a lot of counting goes on in qualitative research when judgements are being made. When a particular theme or pattern emerges in the analysis, it is recognised that it is occurring a number of times and that it is consistently occurring in a particular way. There are clear advantages to using counting in qualitative research. Firstly, it is more economical than words and enables the researcher to process large batches of data and present that data in the form of data displays. Secondly, it can be used to verify a hypothesis and thirdly it can help to protect against bias. Gherardi and Turner (1987), however, cautions that in qualitative research the ‘units’ involved cannot be treated as reasonably standardised, that there are no rules for ignoring nonstandardised information and that it is not possible to declare that the variety in quality between units to be unimportant.

Data displays are, therefore, an important step before moving onto the third stream of analysis, conclusion drawing and verification.

3. *Conclusion drawing and verification*

Conclusion drawing and verification is the third stream of activity. From the beginning, the researcher is deciding what things mean and is noting regularities, explanations and causal flows in the data. Miles and Huberman (1994) suggest that researchers hold these conclusions lightly until they can be fully ‘grounded’ in the data. Conclusions may not of course emerge until the data collection is complete, however, those which do emerge earlier should be verified as the analysis proceeds.

Cross-case analysis

This research adopts a strategy for cross-case analysis which Miles and Huberman (1994: 176) call ‘stacking comparable cases’ (this approach has also been used by Eisenhardt, 1989). They recommend that each case be written up using a more or less standard set of themes or variables, which cut across the cases, allowing for uniqueness as it emerges. Each case is then analysed in depth and after each case is well understood, the cases are stacked and analysed which then further condenses the data allowing for systematic comparisons.

This approach was adopted for the three high and low retaining branches. Each branch was written up using the standard list of climate themes identified in Sections 2.2.

After each branch was fully understood, a summary of the key climate themes that emerged from the three high retaining branches and the three low retaining branches were presented. It was then possible to systematically compare the two groups of branches in terms of the key climate themes that had emerged from the cross-case analysis. The next section considers ways in which qualitative data can be verified.

3.3.6 Quality and rigour - Methods for verifying qualitative data

The growth in the popularity of qualitative research methods has been accompanied by an increasing concern for the quality and rigour of qualitative data (Van Maanen, 1979; Huber and Power, 1985). Yin (1994) argues that there are four tests which have been commonly used to establish the quality of any empirical social research which are also relevant to case study research, these are: construct validity; internal validity; external validity and reliability. According to Lincoln and Guba (1985) at least three of these tests have positivist leanings i.e. external validity, internal validity and reliability which would not make them entirely appropriate for this study. This research, therefore, adopts the approach suggested by Miles and Huberman (1994) for judging the quality of qualitative research. Essentially they have paired traditional terms such as reliability and validity with other alternatives for assessing the ‘trustworthiness’ and ‘authenticity’ of naturalistic research. This fits more closely with the interpretivist approach of this research. The result is a practical guideline grouped into four sections listed as follows:

1. *Objectivity/Confirmability*

The basic premise of objectivity/confirmability of a research study is the extent to which the conclusions depend on the subjects or respondents rather than the biases, motivations and perspectives of the researcher (Lincoln and Guba, 1985). Issues include the explicit description of methods and procedures as well as being able to follow the actual sequence of how data was collected, processed, condensed/transformed and displayed for specific conclusion drawing. Also the explicit linking of conclusions with exhibits of condensed/displayed data. To facilitate the objectivity/confirmability of the research study, the researcher did not know the retention rates of the individual branches until after the interviewing phase of the research had been completed.

One way of reducing researcher bias is through the use of a team of researchers. Basically two or more researchers are present at each interview and they independently write up their field notes before comparing them to avoid ‘groupthink’ (Janis, 1972). This method of triangulation, however, can be very resource intensive and for that reason was not used in this research.

The preferred method adopted for this research is a ‘confirmability audit’ where an independent auditor is given all the data and the interpretations derived from them, and asked to comment on the plausibility of the interpretations and the adequacy of the data (Wallendorf and Belk, 1989). It is however, impractical to ask an auditor to deal with large amounts of data, therefore, a sufficiently detailed account of the methods and procedures used was provided to the auditor as well as conclusions linked with exhibits of condensed/displayed data. This provided a sufficient trail of evidence from

primary data collection through data analysis to the final report to ensure confirmability.

2. *Reliability/Dependability/Auditability*

This refers to whether the process of the research study is consistent and reasonably stable over time and across researchers and methods. In other words, if a researcher followed exactly the same procedure and did the *same* case study all over again would the same conclusions emerge from the research? However, in case study research it is most unlikely that the same research could be repeated in exactly the same way. Organisations change and the people within them change over time. The mere fact that the original research has been undertaken is likely to have some impact on the respondents and the setting. The general approach therefore, to reliability/dependability/auditability of case study research is ‘to make as many steps as operational as possible and to conduct research as if someone were always looking over your shoulder’ (Yin, 1994: 37). The research should be done in such a way so that an auditor *could, in theory* repeat the procedures and arrive at the same results. Issues of reliability/dependability/auditability include the clarity of the research questions, the researcher’s role and the specification of basic paradigms and analytic constructs.

3. *Internal Validity/Credibility/Authenticity*

According to Miles and Huberman (1994: 278) the key questions here are: ‘Do the findings of the study make sense? Are they credible to the people we study and to our readers? Do we have an authentic portrait of what we are looking at?’ The credibility of the research largely depends on the procedures used in data collection and the interpretation of the data. Techniques, which have been suggested for improving the credibility of data collection, include prolonged engagement, persistent observation, and triangulation across sources and methods. Triangulation across researchers, debriefings by peers, feedback from informants, negative evidence and the use of outlier and extreme case analysis, have all been suggested as methods for improving the credibility of the interpretation of the data.

Prolonged engagement and persistent observation

Prolonged engagement and persistent observation is recommended so that sufficient observation can be made to assess anomalies that may occur during data collection. Research undertaken in this way reduces the likelihood that informants will try to impress or mislead the researcher. The length of the engagement is usually determined by the purpose of the research, the prior experience of the researcher, the information obtained and the time frame for the study. In this research study, the site visits for each bank branch were for one day. The bank determined this, as they did not wish the branches to be disturbed for longer periods of time. Each interview conducted at the bank branch was approximately one hour long. This was considered to be an ideal length of time enabling the respondents to relax and feel comfortable with the interview.

Triangulation

Triangulation of sources of information requires the researcher to develop evidence from several sources. In this research study sources included different informants, literature and noticeboards. All sources of information are recorded in the field notes for each branch to give as much information as possible and to facilitate data analysis later in the study.

Triangulation of methods to check for internal consistency and validity has already been discussed in Section 3.2. The case study method and the survey method were chosen ‘within method’ approaches for this research.

Triangulation of researcher is also considered to be beneficial in considering the internal validity/credibility/authenticity of the research. However, as previously discussed above, this method is very resource intensive and was therefore not used in this research.

Debriefing by peers

Debriefing by peers is another technique for strengthening the internal validity/credibility/authenticity of the interpretation of the data. This technique was used on an ongoing basis throughout this research and consisted of regular debriefings by peers who were not directly involved in the research study, but who were willing to critique emerging interpretations.

Feedback from informants

Miles and Huberman (1994) advocate using informant feedback from the data collection stage through to final analysis as a useful way of checking internal validity/credibility/authenticity. They argue that ‘an alert and observant actor in the setting is bound to know more than the researcher ever will about the realities under investigation’ (Miles and Huberman, 1994: 275)

Basically, there are two types of feedback or ‘member checks’ (Wallendorf and Belk, 1989). Informal member checks may occur throughout data collection as the researcher seeks to clarify verbally an interpretation of a particular point. However, formal member checks occur when an interpretation and report is given to the respondent for their comment. Their comments then are the check on the validity of the interpretation. The problem with formal member checks is getting respondents to read through lengthy reports. This research study focused on the use of informal member checks. They were thought to be more appropriate for two reasons. First, the limited time available at each branch and second the respondents were unlikely to have the time or be willing to read through extensive reports. Informal member checks occurred during and at the end of the interviews to check that correct interpretations had been made and that the respondent had provided a valid overview of their perceptions of the practices and procedures (see Section 3.3.4).

Negative Evidence

There is a natural tendency for researchers to seek evidence that supports a particular hypothesis, and to ignore findings, which might contradict it. Negative evidence refers to the tactic of actively seeking disconfirmation of what a researcher thinks to be true in order to overcome these natural tendencies. One way of achieving this is to recruit the help of a friendly sceptic to take a look at the conclusions, avoiding the data displays and to seek data back in the written-up field notes that would disconfirm the conclusions. Miles and Huberman (1994: 271) argue that if such evidence can be found, alternative conclusions that deal with the evidence should be formulated. However, 'If such evidence cannot be marshalled in say, half the time it took to do the analysis, more confidence is justified'. This technique was used in this study to try and identify evidence that would disconfirm the conclusions.

Outliers and extreme case analysis

Most research studies usually have exceptions and the temptation is often to try to ignore them and smooth over any inconsistencies. Miles and Huberman (1994), however, urge the researcher to consider the outlier as your friend. They suggest that these exceptions can often be very useful in checking internal validity of the research by testing the generality of the findings, protecting the researcher from self-selecting biases and may even help in building a better explanation of the phenomena. There are often more exceptions than researchers first realise. These need to be found and then checked to verify what is present in them and therefore absent or different in other, more mainstream examples. In many instances outlier analysis can strengthen original conclusions i.e. 'the exception proving the rule'. However, Miles and Huberman (1994: 270) urge caution, 'Don't force it. Stay open to the idea that the outlier is telling you something useful and important about how your conclusion needs changing'. Outlier and extreme case analysis is a tactic adopted in this research as a means of checking exceptions between high and low retaining branches and between branches which are all low retaining or all high retaining.

4. *External Validity/Transferability/Fittingness*

External validity/transferability/fittingness refers to the extent to which the conclusions of one study are transferable to other contexts (Lincoln and Guba, 1985). Firestone (1993) has identified three levels of generalisation: a) from sample to population, which is not very helpful for qualitative studies, b) analytic or theory-connected, and c) case-to-case transfer.

Maxwell (1992) also discusses 'theoretical' validity as the presence of a more abstract explanation of described actions and interpreted meanings. Miles and Huberman (1994) suggest that such explanations could be considered as 'internal' validity, but they gain added weight by connecting the explanations to theoretical work beyond the original research study. Maxwell (1992) suggests that generalisability requires such connection-making, either to other cases or to unresearched parts of the original case.

Noblit and Hare (1988) argue that the generalising process is far from mechanical. They suggest it is more like translating, refuting, or synthesising two or more studies

of similar phenomena. It is careful interpretation not just ‘adding up’. For explanatory research such as this study, Wallendorf and Belk (1989) recommend that the researcher seek ‘limiting exceptions’ by progressively expanding the types of sites and contexts in which the phenomena can be researched. Eventually this process will define the boundaries of transferability and also explain why the theory does not work in other situations. This can then lead to further research at specifically sampled sites to test these insights which will then lead to a broadening and refinement of the theory.

3.4 Chapter Summary

This chapter concludes the research methodology and design section of the thesis. This together with the Chapters 1 and 2 covers the aim of the research, the research gap, research questions and the research design. The next two chapters will review the qualitative analysis of the six case studies of bank branches and Chapter 6 will summarise the qualitative and quantitative analysis across the high and low retaining branches.

4 HIGH RETAINING BRANCHES: CASE ANALYSIS

This chapter reviews the results of the qualitative research, which was undertaken at the three high retaining branches used for this study. The chapter is divided into two sections. Section 4.1 summarises each of the three high retaining branches and the key climate themes that emerged from the analysis. Section 4.2 analyses the consolidated data from the three high retaining branches. The purpose of this chapter is to take the analysis of the individual high retaining branches to a further stage of data reduction and provide a summary overview for the high retaining branches. The following chapter will then follow a similar format for the low retaining branches.

4.1 High retaining branches: case analysis

In accordance with the approach recommended by Miles and Huberman (1994) for summarising and analysing data, the transcripts from the semi-structured interviews in each of the six branches were coded and the information was extracted and organised by climate theme (see Section 3.3.5). This enabled the raw data to be reduced to manageable proportions and facilitated further analysis. Appendix G shows an example of the coded data for Branch 2. Based on the tactic of ‘counting’ (see Section 3.3.5) Appendix H shows a summary of the interviews for each of the six branches, coded by climate themes and dimensions. However, for the purposes of this chapter, only the data pertaining to the three high retention branches, one, two and three, will be referred to in the text.

With the exception of Branch 1, the reporting of these branches in this chapter and Chapter 5 is not in the order in which the research was undertaken. Also, as discussed in the previous chapter, the researcher did not know the retention rates of the individual branches until after the interviews in the branches had taken place. In this chapter and Chapter 5 there are quotes from members of staff from each of the branches. At the end of each quote the branch number, the individual’s job title and their initials are included for reference purposes and to enable the quotes to be traced back to the original transcripts.

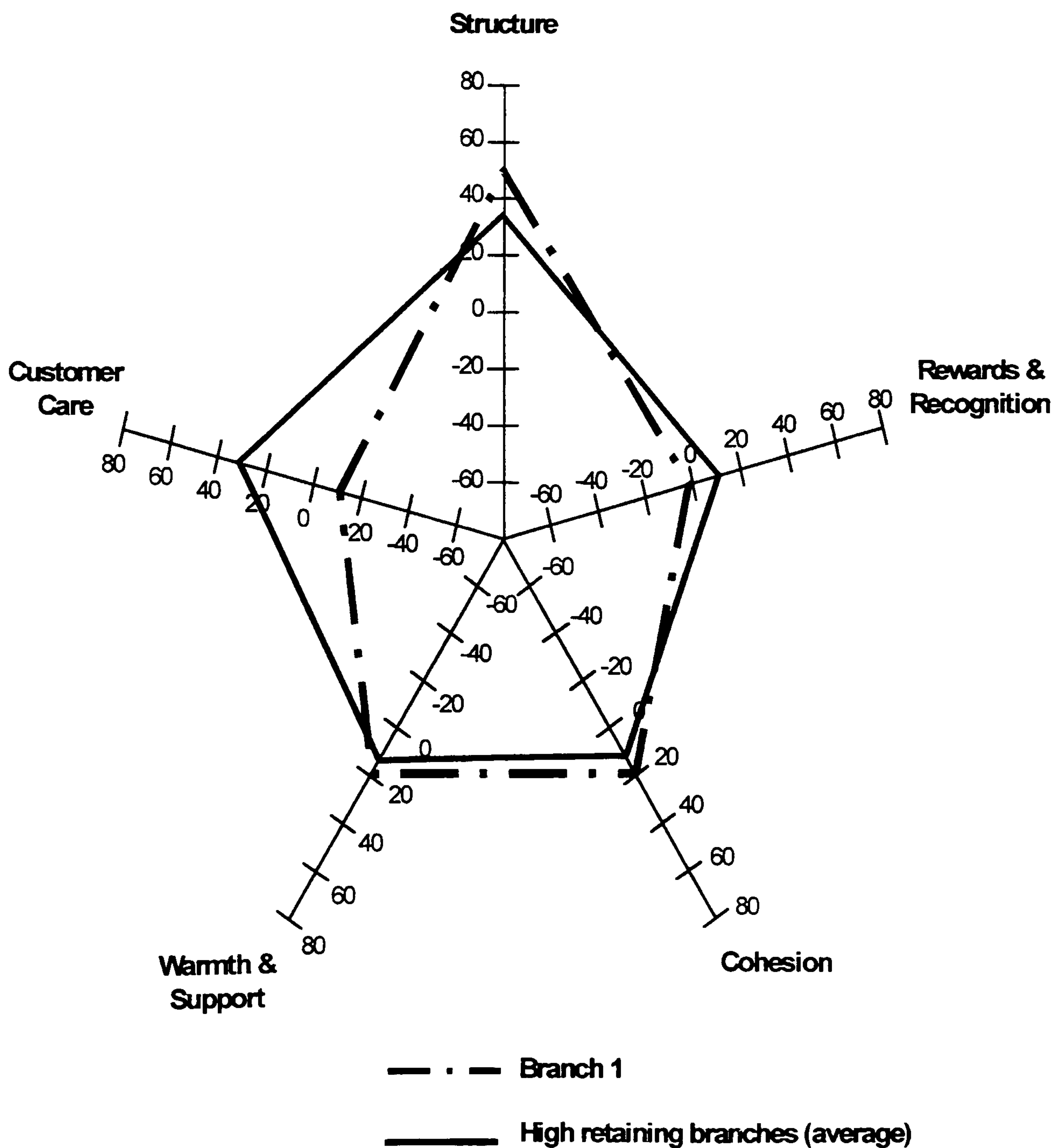
4.1.1 High retaining Branch 1 – within-case analysis

Branch 1 has the highest customer retention rate (75.7%) of all the branches in the sample and the third highest in the whole branch network (the highest retention rate in the branch network is 76.2%). It also has the lowest level of dormant accounts and closed accounts in the last six months in the sample, 9.1% and 15.2% respectively. Branch 1 has 17 members of staff as compared to an average of 17.8 for the sample, but has the highest number of accounts open and active after three years per employee i.e. 236.8 accounts per employee as compared to an average of 139.1 for the sample. This branch also has one of the lowest ratios for full-time to part-time staff in the sample, with approximately two full-time employees for every one part-time employee. The average age of the employees and average length of service of employees was very much the same as for the sample as a whole. Appendix C contains a full summary of this data plus other variables, which were taken into account when selecting Branch 1

in relation to the other branches in the study. Appendix I.1 provides a summary of the individuals who took part in the semi-structured interviews.

The summary data for Branch 1 is shown in Appendix H together with the data for the other high and low retaining branches. An overall total score has been calculated for each of the climate themes in Appendix H. This was achieved by subtracting the scores for negative comments from the scores for positive comments, for each of the climate dimensions. These total scores are displayed at the end of each climate theme in Appendix H and then averaged across the three high retaining branches. Figure 4.1 displays the total scores in chart form for each of the key climate themes for Branch 1 and shows how typical the profile of Branch 1 is when compared to the average for other high retaining branches. It can be seen that Branch 1 has a very similar profile to the other high retaining branches in terms of ‘cohesion’ and ‘warmth and support’. However, it has a higher rating than the other high retaining branches for ‘structure’ and a lower rating than the other high retaining branches for ‘customer care’ and ‘rewards and recognition’.

Figure 4.1: Key climate themes for Branch 1 in comparison with the average for the high retaining branches



Structure

The management role for this branch was essentially split between the branch manager who was effectively in charge of selling and had overall responsibility for the branch, and the assistant branch manager who managed the staff in the branch on a day-to-day basis and had responsibility for customer service. Both managers seemed to work very well together and compliment each other's skills. The branch had good open communications and was very well organised. Much of the smooth running of the branch and the organisation of the branch was due to the efforts made by the assistant branch manager. Everyone interviewed in the branch had a very clear idea of what their job entailed and what needed to be done in the branch on a day-to-day basis, as one of the customer services officers observed:

‘They have got like a rota here, I don't know if you have noticed like on the wall there is all the jobs that they have got within the branch like, reception, cashiering, back office work and whatever, you follow that and you know what job you are doing for the day. So we follow that rota so we know what we are doing in the day.’ (Branch 1, Customer Services Officer, AW)

This branch was also organised in terms of systems for serving the customers and ensuring that everything the staff needed was to hand when serving the customer. The following quote highlights the simplicity of one of these systems:

‘We have a cabin up behind us, and everything we need in there, and you can go somewhere else and you can't find a note band to put around your notes, and then something as silly as that, and you are serving on a till and the till is a state, and it is so messy because you haven't, you haven't got the bands to put around your notes, so just to have all the stationery in one place, it makes such a lot of difference, and that is good here.’ (Branch 1, Customer Services Officer, JS)

This level of organisation clearly had an impact on customer service at the branch as the following examples demonstrate:

‘Yes they are very much organised...Yes. Again it is just small things that, there are so many systems, little systems in place that make it easy, say for example, when we dispatch our end of day post to internal departments, we do have proper filing systems, say and they are all colour coded, so even if you don't know, like I say a new entrant came in, who knew nothing about the bank, I could say to him, that is a colour coded system and they could do the post for me, whereas at another branch that I have worked at, it wouldn't exist...it is just a case of having a tray with a few different slots in it, other branches are not going to have that. Or it is not done as well, shall we say, it could be organised better...It's better from the point of view we are not going to have the cheque returned to us... [it] is better because it is going to get to the right department the first time, rather than the second or third time so that speeds it up for the customer and for us, it gets rid of them quicker [the cheques].’ (Branch 1, Customer Services Officer, LO)

‘Like we have reception sheets as well, which makes new lists, of the customers that come in, who they have seen, what time they come in, what time they went out, and so on, so we know who has been in that day, and what they have done. And like telesales, I record what I have done, and things like that. But in other branches, you will find that

the reception hasn't got a reception sheet, it will be like someone will come through reception, they will take their name, and ask them to take a seat, and it is just whoever comes out sort of thing to take that person, you don't know who they have gone to, and how long they have been with them, and if they are still with them or whatever...from my point of view it is like...one of the interviewers is with a customer and what they are in there for, I can estimate like how long they are going to be, it is no good a customer waiting because I know they are going to be a long time.' (Branch 1, Customer Services Officer, AW)

Other benefits for customer service for keeping the list at reception were:

'I think it is basically just the time keeping aspect of it, you know, if I think the customer is going to wait a long time, then rather than ask them to wait I just say, you are going to be waiting a long time, would you like us to book an appointment, or can I get someone to ring you back specifically or whatever.' (Branch 1, Customer Services Officer, AW)

Closely related to how well the branch was organised was employees' perceptions of the clarity of their roles and responsibilities. For example, the rota list referred to earlier enabled staff to focus their attention on their job and be very clear about exactly what their job entailed and what their responsibilities were. The branch manager maintained that the staff had a clear idea of what was expected of them because he was very clear about what he expects from his staff:

'...although I will dictate is probably a word I would use, what I would expect from the staff [in terms of] the day to day running of my branch... for example...my full time interviewers they know what they are expected to achieve on the sales targets, and my assistant he has his objectives laid down what I expect from him.' (Branch 1, Manager, MK)

Rewards and Recognition

The results of the interviewees' comments regarding rewards and recognition were very mixed, primarily because of the bank's strategy for focusing on sales and insisting that the branches reward sales behaviour rather than customer service. There were certainly examples of praise and recognition for the staff but equally there were many examples of where the staff had received no feedback either positive or negative, which seemed to contradict the warmth and support provided by the managers.

The following are examples of the 'punishment contingency' (Estes, 1944), which is the extent to which employees perceive that they are punished for their behaviour or receive negative feedback:

'He tends to, sometimes anyway, he tends to focus more on what you are doing wrong, than what you are doing well. Do you know what I mean? Like I think the bank concentrates too much on sales, which I know that is what we are here for, but it should be customer service as well, and the cashiers they are trying to get them to refer a lot more, any opportunities that we spot, but instead of concentrating on what, and how well they are doing, serving the customers, using their name, being polite, getting the queues down and whatever. They seem to concentrate more on the fact that they are not referring and that's that because the bank aren't getting the sales from cashiers you

know they are giving a negative feedback on that rather than say well done you have done a customer a good service.’ (Branch 1, Customer Services Officer, AW)

‘... probably they don't feel that appreciated, really. It just seems that the only time you get bonuses...and whatever, it is never if you provide good service for the customer, it is always sales, as long as you have reached the target, you will get a bonus, but of course, that is why they are trying to get us involved, a lot more saying if he reaches his target then we will get a bonus.’ (Branch 1, Customer Services Officer, AW)

However, in terms of rewards and recognition from within the branch, a number of employees perceived that they were rewarded and recognised in positive ways:

‘In ways they will listen, like he knew when he came down that everyone wasn't very happy, like everyone is down a bit about the referrals and everything, and he was open to suggestions, and one was may be he will come up with an incentive to do it a bit more.’ (Branch 1, Customer Services Officer, AW)

‘He [the manager] will just tell you, and you sort of know that he appreciates it, I mean, sometimes he will say, Mr So and So, has complimented you, or complimented someone else.’ (Branch 1, Customer Services Officer, LO)

The extent to which employees perceive that they receive no reinforcement either positive or negative is referred to as the ‘extinction contingency’ (Cherrington, 1994). This was very much an area of concern for a number of staff in the branch. They often felt that their efforts were not recognised at all:

‘...but we feel like some of us on the service side which is like the cashiers and the back office, that we don't really get a lot of appreciation for some thing's that we do, I think they take it, that it's your job, you know, we hardly ever have any cash discrepancies, but nobody ever comes and says, well done. We have not had a cash discrepancy for ages. It's your job and you are expected not to, do you know what I mean, and sometimes you would like to have a little bit of praise.’ (Branch 1, Customer Services Officer, JS)

In the branch, goals and performance standards, including monitoring staff, were used as an effective means of controlling staff behaviour. This very much supported the role clarity outlined earlier and ensured that the staff knew exactly what was expected from them. Four members of the staff reported these standards as effective:

‘Yes, but as far as the bank's concerned you've got to achieve the goal and as far as the bank's concerned as far as my job goes if you don't achieve that goal it's either a yes or no. You either get an ‘A’ on your appraisal or you get an ‘E’ on your appraisal.’ (Branch 1, Assistant Manager, MP)

Despite the degree of organisation at this branch, the level of role clarity and the effective use of goals and performance standards, there was still a fair amount of flexibility within the branch in terms of the extent to which employees perceived that rules and procedures were relied upon in the branch:

‘... I [the bank manager] would expect a great deal from all my staff but equally I know that they don't always follow the rules.’ (Branch 1, Manager, MK)

‘I think 99% of the time they do follow them, [Strictly follow the rules and procedures] it is up to the senior staff though, how they decide to, I mean we haven't got the authority, we have to do it to the rules, but if it gets to a point then, then we refer them to the management. They occasionally sort of twist it a bit, if they, they have got the authority to do that, and the experience to know if they can do it.’ (Branch 1, Customer Services Officer, LF)

Cohesion

This branch was a particularly good example of a cohesive organisation. There was a very friendly atmosphere in the branch on the day the interviews took place. The staff were smiling and sociable. This was very much supported by the staff's comments during the semi-structured interviews. The staff in the branch reported that they worked well together as a team and socialised with each other on a regular basis:

‘Yes, we do [socialise]. We all went out Saturday night, have you heard about that?... We had a dinner and dance on Saturday night ...[at] a big hotel there called the Metropole Hotel, and it was held there, and it was really good, a lot better than here.’ (Branch 1, Customer Services Officer, JS)

The staff also spoke about working together as a team:

‘...we just seem to be always been able to get things done. I think we just all pull together, it is team work. And it is quite good here.’ (Branch 1, Customer Services Officer, JS)

‘You can go to other branches and it is not something that gets done automatically, but because it gets done automatically here by people showing their initiative, balancing up the tills early, getting somebody available to do it, it is not, you know what I mean. They just take it that it gets done, where as really, it's because people are working as a team, using their initiative, and organising themselves basically.’ (Branch 1, Customer Services Officer, JS)

One particularly interesting characteristic of Branch 1 within the area of cohesion is ‘shared perception’. Evidence for shared perception in this branch revolved around how busy the branch was. All the branches selected for the study had approximately the same level of ‘footfall’, that is, the same number of customers, on average, used the branch each day. Appendix C shows that this branch had the highest number of accounts open and active after 3 years per employee for the whole sample i.e. 236.8 accounts per employee as opposed to an average of 139.1 for the sample. Yet despite this, the employees at the branch still maintained that they were not busy:

‘But, it is probably because we are not so busy. I don't know, or I don't know, it is hard to tell we have lost staff. We are short staffed on the tills, but I don't know, we just seem to be always been able to get things done. I think we just all pull together, it is team work. And it is quite good here.’ (Branch 1, Customer Services Officer, JS)

‘...our branch isn't that busy anyway...’ (Branch 1, Customer Services Officer, AW)

‘... I suspect this is the best service of all the branches I have worked at, because it is not as busy. Or it is not as busy all the time, so there is less pressure on the staff.’
(Branch 1, Customer Services Officer, LO)

There are two possible explanations for this shared perception. First, because the branch was so well organised the staff were under far less pressure and were able to cope better with a greater number of accounts. Second, because the staff kept saying they were not busy they now believed it, even though the evidence suggested otherwise.

Warmth and Support

In this branch there was a tremendous amount of consideration, warmth and support for each other and also from the managers to the staff:

‘...everyone is like friends and they’ve got each others phone numbers...In some ways it's good, for the way that they work, but it can be a bit daunting when you first come in. You know, when you try and mix with people and I think, I would say here it benefits to the good of the branch because it tends to help them pull together.’ (Branch 1, Customer Services Officer, LO)

‘I must say he is fairly easy going, he'll give and take quite a bit as well, if you, sort of, for example, just over 12 months ago my father was very ill in hospital, and they were ever so good to me, they let me go early, and I had a couple of days off when Dad was having an operation, and I wouldn't have dared ask at another branch, they would say, yes you can have it but you will have to make the time up, and things like that, you know, they were very considerate, so I wouldn't knock them for that side of it. So when they give like that, you don't mind giving back a bit then, like if I am half-an-hour late going home one day, well I don't sort of think, oh well, I should be being paid for this, because he has given me time off.’ (Branch 1, Customer Services Officer, LF)

‘Oh yes [he is very supportive], as I said, he laughs as well and that's what you need, because I can't stand it if someone stands there and like they talk down to you. It is better that you can have a laugh with them.’ (Branch 1, Customer Services Officer, AW)

The assistant manager of this branch seemed to really care for his staff and respected them as friends and not just as colleagues. He spoke at length about how he viewed the staff and the kind of atmosphere he liked to have in the branch. The following is just a small sample of some of the things he said in this regard:

‘...I don't regard them as work colleagues, I like to regard them as friends, and if I am in the same building as somebody for eight hours and I don't talk to them, I am certainly not being friends. It is easy for me to regard them as friends, rather than subordinates. In fact I wouldn't want to regard anybody here as a subordinate, I would like to regard them as a friend, and that we are all working towards the same goal.’
(Branch 1, Assistant Manager, MP)

‘I think I get my encouragement from being able to maintain a good feeling and atmosphere in the branch, I, if something goes wrong, and people fall out even if it is

only on a minor issue, that tends to hurt me personally, even if I haven't been involved because I don't like people to fall out...I would like everybody to be able to get on with everybody else, because that is what keeps people happy here. They may not like what the bank is doing, but they still don't mind coming into work because they are going to be with people that they like being with, and I think I get a sense of fulfillment from being able to maintain that.' (Branch 1, Assistant Manager, MP)

In contrast to the mostly positive climate dimensions for warmth and support, the staff in Branch 1 perceived that head office and senior managers did not provide the staff with consideration, warmth and support and did not get on well with them:

'... people who work in head office are sympathetic to the problems of the branch? they are not. Because half of them have never worked in a branch and they really don't know, or care...' (Branch 1, Customer Services Officer, JS)

The assistant branch manager, in particular, felt that the relationship between head office and the staff was very one sided and that the bank were only interested in what the staff can do for the bank rather than what the bank can do for the staff:

'...If people feel that they are being developed to use their own personalities to then fit the bank, I think they would feel a lot more loyalty towards the bank than they do now. Because they would see the bank as saying, yes, you are paying an interest in me, rather than paying any interest in what I can benefit to you...and really I think...everybody feels that there is no two way connection with the bank, and people who work for the bank, or the bank doesn't really have any interest in me. The bank is only interested in what I, my body, can do, and has any interest in how many people I can get and see, but it hasn't got an interest in me at all.' (Branch 1, Assistant Manager, MP)

The following quote also highlights how the assistant manager felt torn between head office and his staff and shows how he felt that the future direction of the bank did not match with the way the staff saw the bank moving forward:

'That is where I hit a brick wall because from one way its like I was saying to you I'm playing piggy in the middle, from one way I'm getting this, you must do this, you must get them to do this, they've got to do it this way and from the other side I'm getting 'well if I do this it's going to step over the line what do you want me to do?' and I feel like I'm saying well what do I do? At the end of the day...I want the bank to move forward but the way that the staff on the front line views the bank moving forward and the way that the bank see the bank moving forward often don't match and this is where there's conflict and the conflict doesn't or if it does get fed back up the line they don't pay any attention to it and all that the cashiers at the front line think is that the bank don't listen to what they're saying.' (Branch 1, Assistant Manager, MP)

Customer Care

The staff in this branch seemed to have a genuine interest in and care for the customers. There were practices and procedures in place to ensure a high level of customer care and many examples were quoted of how they had provided excellent customer service, often going above and beyond the call of duty. Perhaps the most extraordinary example of this is as follows:

‘There was another old gentleman that I got involved with about six months ago, and he wasn't a customer, he simply wandered in because he was distraught basically, he had got a pile of bills and paperwork and envelopes in a big elastic band, and it must have been that thick, and he just did not have a clue, his wife had died about 12 months previously, his finances were in a right state, he was surviving on a state pension of about £40 odd something a week, well he actually wasn't surviving, he practically wasn't eating and he just, I think he just wondered in because he didn't have anywhere else to go, and he was just looking for somewhere for someone to sit him down and talk to him, he was basically a very lonely old chap, and we did to an extent try and sort him out, we got in touch with social services to see if he was entitled to any more benefits. We got all his bills on to direct debits so that he didn't have to worry about them, and in a way although it was a burden, because you spent more time with him, than with any other customer and yet there is nothing in there for the bank, you feel more satisfaction from helping that customer than you would do if you sold a hundred home insurance's. And his appreciation was completely evident, and he doesn't come in, I think he died actually, but I am not too sure, but his appreciation was so evident that it made you feel good inside, and it made it all worth while...’ (Branch 1, Assistant Manager, MP)

The high level of customer care in the branch was also reflected in the staff's perception that there was an active attempt to retain customers and foster customer loyalty in the branch. The staff had obviously practiced exercises on what to do in the event of an account closure and were very clear about the procedure that they should go through when someone wishes to close an account.

However, the major cause for concern in the branch was the focus on selling practices. Many of the staff were very unhappy about this and not only felt that it was detrimental to the customers but also had a detrimental impact on their own behaviour:

‘I hate it [referring customers for sales]. I am not a sales person, I don't like it, I don't agree with a lot that goes on, but it is the job.’ (Branch 1, Customer Services Officer, LF)

When asked how the staff dealt with this, the response was:

‘It is only between us, by doing as little as possible, and get them out of the way. I do have to do what I have to do. But I don't like it. I don't like it at all, it is not my idea of banking.’ (Branch 1, Customer Services Officer, LF)

‘Sometimes...you get fed-up of saying the same thing, and getting the rejections back, that you can be quite short with them, and when you have done it for about five hours, you don't want to do it any more...So sometimes, I know customers who don't like it. Because they,...Yes, they say, I mean, my father in the end he wouldn't go into another branch, he said I am sick of every time I go into a bank, I am sick of being collared by somebody trying to sell me something, if I want to have it, I will go and find out about it.’ (Branch 1, Customer Services Officer, LF)

‘... and when you get to the situation where by you have a conversation with a customer, you serve them and you do whatever they want to do, and then you say, and then the cashiers have to say, and by the way, Mr. So and So, before you go did you know that we could get you more interest on your savings, or did you know that we

could save you money on your mortgage account, and they think, well, that's not you saying that, that's the bank saying that, and really they switch off, or they turn around and say, well, I don't really want to talk to anybody about it, I am quite happy with what I have got now. And if there was a way of imparting personality into this thing, then it would be great, but it is so difficult, once you build up a rapport with the customer, to actually try and get them to see somebody about something.' (Branch 1, Assistant Manager, MP)

It has been shown how the employees at this branch had a genuine interest and care for the customers, but that they were also obliged to contribute to sales targets and provide leads for the sales executives which has had a detrimental effect on employee and customer behaviour. This has resulted in the employees experiencing role conflict. Role conflict refers to the extent to which employees perceive that they are being pulled in different directions in terms of providing customer care and trying to sell products to customers. Without doubt, the staff members interviewed felt that their first obligation was to serve the customers and address their needs and that any emphasis on selling should take second place. This can lead to considerable stress for the employee and diminished customer care for the customer:

'... but the thing that still sticks in the mind is cold referrals, because that is the one thing that people, literally hated doing it, because it is the worst thing that anybody had to do in the branch, because you feel guilty for trying to get a customer that you have just served, that has been, because you may have had a perfectly pleasant conversation with them, and then you feel guilty for trying to get them to see somebody, that you know what this interviewers objective is, is to actually get this customer to sign a bit of paper that leads to a sale for the bank.' (Branch 1, Assistant Manager, MP)

'Like I think the bank concentrates too much on sales, which I know that is what we are here for, but it should be customer service as well, and the cashiers they are trying to get them to refer a lot more, any opportunities that we spot, but instead of concentrating on what, and how well they are doing, serving the customers, using their name, being polite, getting the queues down and whatever. They seem to concentrate more on the fact that they are not referring and that's that because the bank aren't getting the sales from cashiers you know they are giving a negative feedback on that rather than say well done you have done a customer a good service.' (Branch 1, Customer Services Officer, AW)

'... I think the problem we have got is, well I'm a cashier, and when I am cashiering I look at it, that I want to serve a customer, do their transaction correctly so that I don't make a mistake, if there is a big queue obviously I want to disperse the queue, and I don't want to do that by being rude to the customer but I want to do it quickly and politely. So obviously when they tell me that I have to get into discussing the customers account with them, I feel, I don't feel uncomfortable talking to customers as a rule, but when there is a big queue it is not what I view as my first priority but obviously to MP, he is under pressure to meet sales targets. And to get us to help the branch achieve them, to me he can see from both sides, but obviously he has to push us from the sales, he has to look at it from the sales side...I know what is expected of me, but I have got the more old fashioned view, as in, my views are that banking is for customer, and not necessarily to sell them something.' (Branch 1, Customer Services Officer, LO)

The staff at the branch were really adamant as to how much they hated having to refer customers for sales when they felt that their first obligation was to provide good service:

‘We know how customers want to be served at the end of the day and that's what we are doing 99% of the day, and we know how to build up a rapport with the customers, and if sales come from that all well and good. But customers do not want to be attacked every time they walk through the door, they don't want to hear the same wordings every time they walk through the door, and it is just getting to the point now, when they are going to turn around and say no. I am not going to do it any more.’
(Branch 1, Assistant Manager, MP)

Both the manager and the assistant branch manager spoke at length about the extent to which head office practices and procedures impacted on customer care at the branch level. They both spoke about the problems of having head office staff who haven't worked in branches, don't understand how they work and insist on imposing practices and procedures onto the branches which are impossible to work with:

‘Yes. People who work in head office haven't a clue about what goes on in a branch. That's the impression that we get, they just do not know what goes on from day to day in a branch. They can't be sympathetic if they don't know what is actually going on. They can't focus their activities or new ideas or new products to branch needs if they don't know what a branch works like. I mean, fair enough some of the staff, I know some of the staff in head office know, I have worked with them in branches, because they transferred into head office before, but for everybody that has worked in a branch, that now works in head office there must be eight, nine, ten that may be writing procedures, deciding the way the branches are going to work, they have never worked in a branch in their life, and probably have never been through the front door.’ (Branch 1, Assistant Manager, MP)

Branch 1: Summary

The research indicates that the high retention rate for this branch was a product of a well-organised branch, where people worked well together and provided each other with warmth and support. It was, however, also the result of a branch where there was a genuine interest in the customers, where the staff cared for the customers and were concerned for them and finally where staff actively tried to retain customers for the bank. The major cause for concern for the staff in this branch was the bank's focus on sales practices in relation to customer care. Many of the staff were very unhappy about this and believed that it had a negative impact not only on their behaviour but also on their customer's behaviour. This resulted in the staff experiencing role conflict in trying to provide customers with a high level of service, whilst trying to sell to them at the same time. The bank's strategy of focusing on sales and rewarding sales behaviour has also led to mixed perceptions regarding rewards and recognition for the staff in the branch.

Branch 1 was the first of the six branches to be researched and as such two issues were uncovered, which were considered to be important in understanding the nature of employees' perceptions of climate in the branches. These issues were then

incorporated into the semi-structured interviews for the remainder of the study. The issues were:

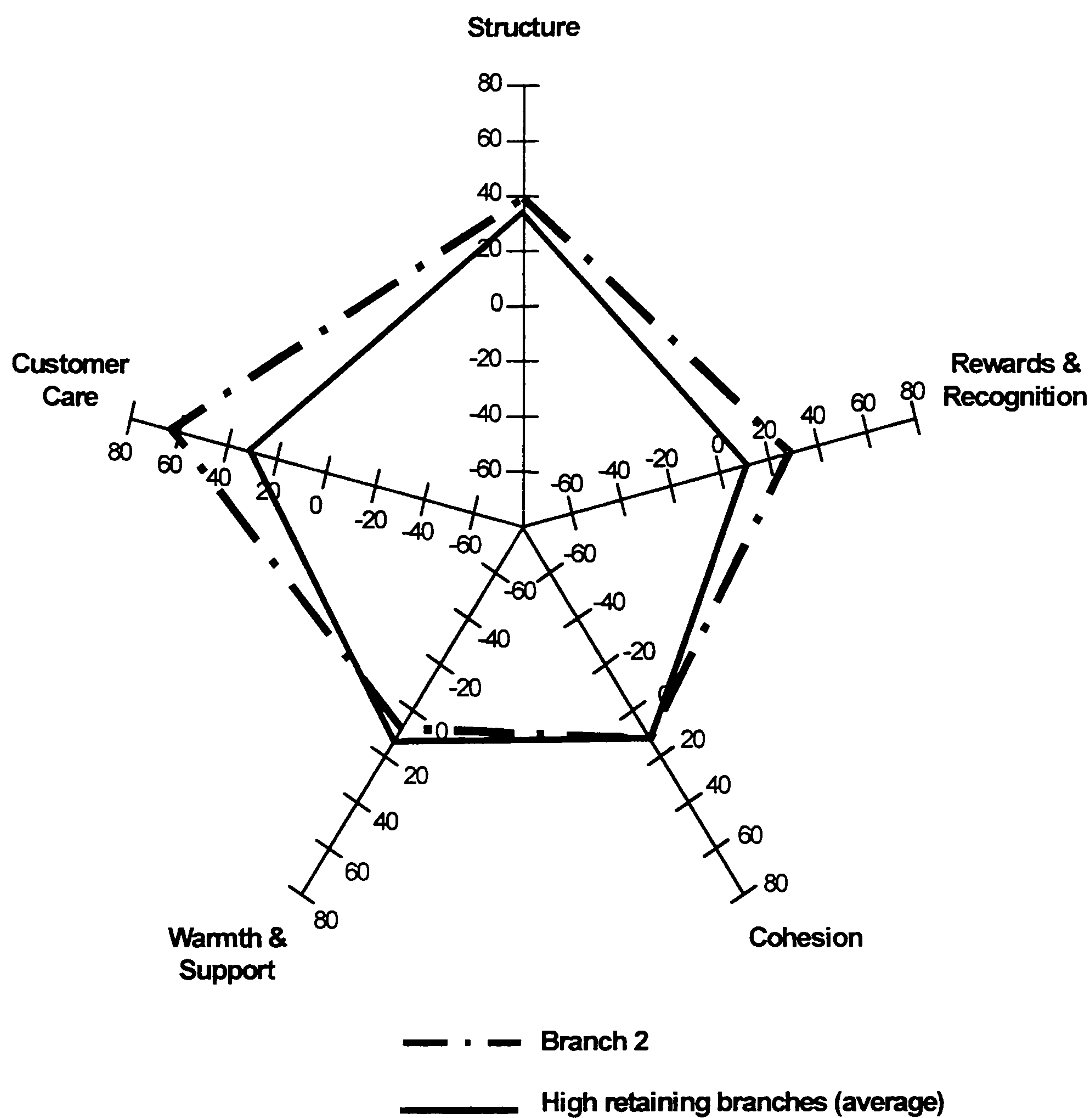
- The ‘Total Quality Management’ and customer service initiatives
- The organisation of the branch between the manager and the assistant manager

4.1.2 High retaining Branch 2 – within-case analysis

Branch 2 has the second highest customer retention rate (72.1%) of all the branches in the sample and the second lowest level of dormant accounts within the high retaining branches (9.4%). Amongst the high retaining branches, Branch 2 has the highest number of employees and the lowest number of accounts open and active after three years per employee. This branch manages 122.8 accounts per employee as opposed to an average of 171.1 for the high retaining branches, 107.4 for the low retaining branches and 139.1 for the sample as a whole. The employees in Branch 2 are the most experienced in the whole sample with an average length of service of 11.5 years, compared to an overall average of 9.7 years. The manager’s length of service, however, is the same as all the other managers in the high retaining branches and compares to an overall average 21.2 years. The branch has the lowest ratio of full-time to part-time staff in the sample, with approximately one and a quarter full-time staff for every one part-time member of staff. Appendix C contains a full summary of this data plus other variables, which were taken into account when selecting Branch 2 in relation to the other branches in the study. Appendix I.2 provides a summary of the individuals whom took part in the semi-structured interviews.

The summary data for Branch 2 is shown in Appendix H together with the data for the other high and low retaining branches. An overall total score has been calculated for each of the climate themes in Appendix H. This was achieved by subtracting the scores for negative comments from the positive scores for each of the climate dimensions. These total scores are displayed at the end of each climate theme in Appendix H and then averaged across the three high retaining branches. Figure 4.2 displays the total scores in chart form for each of the key climate themes for Branch 2 and shows how typical the profile of Branch 2 is when compared to the average for other high retaining branches. It can be seen that Branch 2 has a similar profile to the other high retaining branches in terms of ‘structure’, ‘cohesion’ and ‘warmth and support’. However, it has a higher rating than the other high retaining branches for ‘customer care’ and ‘rewards and recognition’. A review is now made of each of the five climate themes and dimensions.

Figure 4.2: Key climate themes for Branch 2 in comparison with the average for the high retaining branches



Structure

The management role for this branch was split between the branch manager and the assistant branch manager. The branch manager was responsible for sales and had overall responsibility for the branch and the assistant branch manager was responsible for customer service and managing the staff in the branch on a day to day basis.

The branch had good open communications and was very well organised with staff rotating jobs within the branch on a regular basis. Everyone in the branch had a very clear idea of what their job entailed and what needed to be done in the branch on a day to day basis:

‘...I used to go into work very early, and I don't do that any more. Things seem better organised here.’ (Branch 2, Senior Customer Services Officer, PL)

‘... each week we have a plan set out, where each staff are where, so everyone knows for the week, and like I am here today, there tomorrow for the rest of the week.’
(Branch 2, Customer Services Officer, MW)

‘Yes, I work on the, well I tend to like rotate jobs here, and so it saves on like boredom if you like. It keeps the staff like enthusiastic...’ (Branch 2, Customer Services Officer, MW)

There were noticeboards all over the branch with charts and information clearly displayed on them. For example, there was a very large training chart in the staff room with all the staff member’s names on the vertical axis and all the tasks in the branch listed on the horizontal axis. Within the chart there were ticks for all the courses each individual had completed. It was, therefore, very easy to see at a glance who had done what and where there were training gaps.

This branch was also very neat and tidy, not only in the banking area, which was visible to the customers but also behind the scenes in the rest rooms and corridors:

‘The place is pretty tidy, the manager loves tidiness, so we always have a go, keep the place spic and span...if you are a customer, you don't want to see your branch with slips all over the place, and pens not working, and thrown all over the place, and again that is important, it is important to the manager, and it is important to the rest of us.’
(Branch 2, Customer Services Officer, MW)

However, despite the high level of organisation in the branch and the fact that goals and performance standards, including monitoring staff, were used as an effective means of controlling behaviour (see rewards and recognition below), the staff still had autonomy about how to respond with respect to work procedures, goals and priorities. The staff also perceived that they had flexibility regarding the rules and procedures relied upon in the branch and felt that they were involved in the branch activities and decision making. This would seem to indicate that the branch manager was able to provide his staff with very clear guidelines about the standards of the job and what he expected from his staff and then within that framework allow staff some autonomy and flexibility about how to undertake their job role. Interestingly, the branch manager acknowledged that the rules, procedures and routines varied between branches and recognised that he managed this branch quite differently to the way other branches were managed:

‘...but I think to be a manager you can't suddenly have a set of rules and hope that everybody will obey them, it has got to be a very fine dividing line, between letting them work things out for themselves, and making their own decisions, and actually going along with what the company or local office would say...but normally I would say we are not a very strict branch at all compared and in terms of how I have seen other managers work. Because some managers, what I have seen, they run a very, very tight ship.’ (Branch 2, Manager, MR)

Rewards and Recognition

The climate dimension that was mostly commented on was the ‘positive reinforcement contingency’ (Bergiel and Trosclair, 1985). With the exception of the branch advisor,

everyone interviewed perceived that they were rewarded and recognised in positive ways in the branch. For example, the manager of the branch made an effort to recognise Christmas and birthdays for the branch staff:

‘...I mean, like the manager bought us all Christmas presents which is nice, and that doesn't happen everywhere. So yes, I think, from his point of view, yes, he does appreciate what you are doing... He got everybody wine, and I had a box of chocolates...By the time you've added the part timers on it must have come to about 60/70 quid.’ (Branch 2, Senior Customer Services Officer, PL)

‘...from a manager's point of view, I have got a birthday list drawn up, and I always make sure that every member of staff has a birthday card, signed by myself, and my assistant and the supervisor, it is a tradition in the branch, but I know from talking to some of them...they say so what,...but from my point of view, it is that we do think of them on a personal note not just as a cashier, or whatever. And, so we do try and do that, and we have collections for special birthday's and things like that. They end up buying cream cakes...that is the sort of thing that we try and do on a regular basis and that is the nice idea that we have...’(Branch 2, Manager, MR)

When staff went above and beyond the call of duty in serving customers they were also rewarded:

‘...we send nominations in on a monthly basis to the cluster, in fact the last person you saw, has just won two months running, been nominated to my boss, who is in charge of ten branches in this area, he sorts the best, what he thought are the best out of 10 people nominated and puts it forward for a prize and they get gift vouchers...where they've [the staff] worked over we thank them, someone will probably buy cakes. For example during the bad weather that we had, once they were all in, I sent over for bacon and egg sandwiches etc from the local cafe, so they ordered that, so in terms of a thank you, yes, we try and do something.’ (Branch 2, Manager, MR)

‘...if a customer does send a letter in saying that they are particularly pleased with somebody that would be sent off to the cluster office and we have a local newsletter and that would be printed in there, so 10 branches will see a photocopy of that letter, and so they can sort of be rather pleased with themselves that not only this branch knows but now everybody in the same cluster knows. And we have, my boss does a cashier of the quarter, now Angela, just got that...and she will go to a place called Fatty Arbuckles a pub...my boss will go and there will be a member of staff from every branch, who has been recognised in the same way, and have a meal...and they don't go in uniform and they have the rest of the day off. So, then at the end of the year there is a cashier of the year, and Sue got that...’(Branch 2, Manager, MR)

‘...I think it is nice and to think that people are recognised. One of the young staff downstairs is going out to lunch this Friday, with the branch controller. In recognition of the work that she did last quarter. And I think that is good, because at least it proves to the staff that we are keeping an eye on what they are doing, and then they get a call from the cluster office, and they say can you nominate and can you tell us why, and I think from that point of view she was shocked that she'd actually got the award, and it just proves to me what we think of you and it is nice.’ (Branch 2, Assistant Manager, IS)

And when staff completed their quality training they were awarded Q badges. These are badges with a Q motive on top. All the staff in the branch wore their Q badges.

Within the confines of the banks policy regarding rewards and recognition for the branch staff, the manager did his best to ensure that the cashiers felt appreciated and rewarded and were part of the team (see cohesion, warmth and support below):

‘...[The manager] organises prizes every month for the non-sales staff referrals, where as certainly only a few years ago it was only the sales staff that were ever rewarded...which created the problems in branches, so the service staff got nothing, it is only in the last couple of years that they have done more to try to get the two together, so if some go out you all go out...’ (Branch 2, Senior Customer Services Officer, PL)

There were, however, also examples of the ‘punishment contingency’ (Estes, 1944), which is the extent to which employees perceive that they are punished for their behaviour or receive negative feedback. Most of the punishment examples in this branch revolved around staff behaviours. That is, staff were identified who were not providing customers with the required level of service. When this occurred, the managers were quick to rectify the problem, as this next quote illustrates:

‘...and there was a customer there, that came in to see me, and she said...that girl that is on the counter at the moment, she has no idea, she is not polite, she doesn’t look at me, she doesn’t use my name, she doesn’t smile, she is chewing, what type of customer service is this. I want to make an official complaint. So I said look have a seat and tell me all about it, and she wrote it all down, and she signed it up. I said leave it with me, I’ll sort something out, and we will make sure it doesn’t happen again. Sorry about the way you feel but leave it with me, and I’ll sort something out, and she said I’m sure you will, thanks for your time. No it’s ok, no problem at all. Anything else you find niggly, or any other hassle you may have, pop in and see me, you know, the door is always open. Oh that’s really nice great. She has gone out, she is happy and she has got it off her chest, so she is ok. And then I went in to the manager and told him about this person, and this girl is quite a new member of staff...it has been decided...[not to] tell the individual off, we won’t have her in the office and say look, waggle, waggle, waggle, we will get all the cashiers in a group, and tell the group off. So the following morning we had a meeting before we opened, and the manager said there was a customer complaint yesterday about a cashier, who was doing this, this and this, chewing, not looking at the customer, no eye to eye contact, not even a name, being rude, talking to other members of staff, while serving the customer, this is not acceptable, we can’t have this within the branch. The person knows who they are, but, let this be an official warning, I don’t want to see anything like this again. They all thought fine, no problem at all. And as it happens it hasn’t happened since, you know. The cashier that was involved knew she was involved...and she has been all right since.’ (Branch 2, Customer Services Officer, MW)

In the branch, goals and performance standards, including monitoring staff, were used as an effective means of controlling staff behaviour. The staff were closely monitored on a regular basis and provided with immediate feedback on their performance:

‘...we have got observations to do which is supposed to be on every member of staff, time permitting, which means if you for example answer the telephone, and somebody

without you knowing will observe that and make some comments, and discuss it afterwards not as a sort of tool to criticise or anything, but really it is a case of well, when you answer the phone the company wants us to answer it within a certain amount of rings and if not you apologise to the customer for keeping them waiting. And use the customers name, so by doing that, we can identify where the shortfalls are, and get it sorted.’ (Branch 2, Manager, MR)

This branch not only did the normal monitoring procedures required by head office but they also did extra ones to help them monitor the staff’s performance regarding customer service:

‘... we have a mystery shopper in a local cluster base as well and we have a national mystery shopper programme and also another in [another] cluster, and obviously if I sent Mark for example to another branch and most of the staff would know him so there would be no benefit for it, but if we sent Mark to another cluster no one knows him and he could be a customer from that area. Mark has been sent to observe their customer service and someone from there has come here...’ (Branch 2, Manager, MR)

‘I think the quality checks they are good, because they keep us on our toes, we have monthly controls in our branch any way, and of course, that again ...there is a whole variety of things where it is controlled...’ (Branch 2, Assistant Manager, IS)

Cohesion

This branch was a good example of a cohesive organisation. The staff interacted well with each other and perceived that they worked well together as a team. They also socialised with each other and as one customer services officer observed, if the staff are happy and relaxed, then the customers are happy:

‘Staff wise everybody gets on, and socially everybody goes out, but when you have a good working atmosphere with the service staff themselves then the customer service is better because everyone is happy and relaxed. And the customers are happy’ (Branch 2, Customer Services Officer, SL)

As well as the manager offering his staff consideration, warmth and support (see ‘warmth and support’ below), this quote highlights how the manager, in particular, has recognised the benefits of the staff pulling together and cohesion among the staff in the branch:

‘It is like I was saying, you need them on your side, and that sounds like blackmail but it isn’t, because you do need a motivator too, so that when the chips are down, that they are not going to throw the towel in or walk out, if anything you want them in the trenches with you...’ (Branch 2, Manager, MR)

Like Branch 1, the staff in this branch also had a shared perception of how busy the branch was. All the branches selected for the study had approximately the same level of ‘footfall’, that is, the same number of customers, on average, used the branch each day. Appendix C shows that this branch had an average of 122.8 accounts open and active after 3 years per employee, as opposed to an average of 139.1 for all the branches, an average of 107.1 for the low retaining branches and an average of 171.1

for the high retaining branches. Yet despite this, the employees at the branch maintained that they were not busy:

‘...here, they are not quite so busy so you have got more time, you know, so we can spend more time with the customer. And that is just because it is a quieter branch.’
(Branch 2, Customer Services Officer, SL)

Like Branch 1 there were two possible explanations for this. First, because the branch was so well organised the staff were under far less pressure and were able to cope better with the number of accounts they had to manage. Second, because the staff kept saying they were not busy, they now believed it, even though the evidence suggested that they still had a reasonable number of accounts to manage.

Warmth and Support

Although high morale among the staff was only mentioned once by a member of staff, from observations made whilst visiting the branch, one could easily conclude that the staff in this branch were highly motivated and the morale was very high. The staff were smiling, cheerful and eager to please. Nothing appeared to be too much trouble. This appeared to stem from the staff's ability to address problems when they arose, rather than allowing them to grow into unmanageable proportions. The following is a good example of how the staff managed to do this. Some of the supervisors had not been getting on very well with each other and an atmosphere had been developing in the branch that was beginning to affect people's work. Eventually those concerned decided to have a meeting to discuss their problems:

‘This was like 4.45pm where you are meant to be out of the premises really, ideally. And we sat down and talked and chatted, and had a bit of a slagging off match at one point, and we basically resolved the problem. And we were here to about 7pm. And it was a Friday night, and everyone was hungry, and I hadn't eaten since 12 o'clock...And when we came to work on the Monday morning, it was sorted, everybody was in a good mood, a good atmosphere, and gradually it filtered down to the rest of the staff because we have part-timers here as well you see...Now the following weekend they came in and they looked at the staff, and hello how are you doing, great, have a good weekend, brilliant, you know, and it's really nice and they are thinking something's changed here because it has affected them then, so they are all bright and cheery and hence it rubs off on all the staff, and the problem is solved.’
(Branch 2, Customer Services Officer, MW)

As well as providing each other with warmth and support, nearly all the staff perceived that the managers provided the staff with consideration, warmth and support and got on well with each other and with the staff:

‘...But as a team they, the three of them [the managers] work well together, and they often have little management meetings for half an hour or so on one of the mornings when it's quiet, so we know not to go in and disturb them. Yes, they do get on pretty well together. I have been at other branches, as well, and I have been on relief at dozens of branches, and they do seem like pretty clued up in comparison to everyone else.’ (Branch 2, Customer Services Officer, MW)

‘...I have worked with manager's before that will say one thing and will back down and make you look a complete idiot...Luckily, I have only had a couple of those sort of managers....so he [the manager at this branch] will back you 100% so long as you haven't done anything incredibly stupid.’ (Branch 2, Senior Customer Services Officer, PL)

‘Well the managers here at this branch seem to be ok. You know, there is quite a good employee - management relationship within the branch...yes we get on pretty well, we all have a laugh, we go out together at night, and we have functions. Yes and it helps to create a good atmosphere within the branch.’ (Branch 2, Customer Services Officer, MW)

The following quote is a particularly good example of how the manager has offered consideration, warmth and support to a member of staff through a particularly difficult time. It also shows that the manager appreciated the role the staff member played in the branch and acknowledges that it is now important to try to help the employee. By doing this he believed he stood a better chance of retaining good members of staff for the future:

‘[One of the staff's mother] has just been diagnosed as having lung cancer, now, she is arranging to have different days off, so she can go to a specialist with her mother on a couple of Monday afternoons when she has meant to have been working here...she said she would get her neighbour to go with her mum, and we said it would be best if you go with her, and ok, she was very grateful etc., but...she is a very hard working member of the staff, and if I am prepared to help her through this particular trying time for her, then we are not going to lose her somewhere along the way, and I think that is important because, you know, because certainly if I was in that position then you know, work has nothing compared with people's lives and their personal happiness. So within reason something like that we will say, look, you know, get this sorted out, get through this particular event...I think you have to be flexible...’ (Branch 2, Manager, MR)

Customer Care

The staff interviewed in this branch perceived that there was a genuine interest in and care for the customers. This was also evident from the branch visit, as most of the information on the noticeboards in the branch was customer orientated. The manager in particular was very customer orientated and recognised the importance of treating the customer as a valued customer:

‘...but we have all realised, or the majority of the branch has realised, that it is better to treat a customer as a valued customer, as opposed to, I am here to do a job of work and you are a bloody nuisance, which I have heard in the past. So I mean, they pay our wages at the end of the day, so we have to look after them, and I think that is the important thing to filter down...’ (Branch 2, Manager, MR)

A number of staff also perceived that the service quality of the branch was good and the branch had recently achieved an above average score for their mystery shopper survey that was undertaken:

‘I think, perhaps for customer service wise it is one of the better places I mean the best I have worked at.’ (Branch 2, Customer Services Officer, SL)

‘...basically we got 88% [mystery shopper score] which is higher than the national average...’ (Branch 2, Manager, MR)

‘We have meetings and meetings about customer service and like every morning we will discuss a few things, have we given a good customer service the day before... I have worked at the other branches as well, where the customer service is quite indifferent, but here, they tend to focus on it.’ (Branch 2, Customer Services Officer, SL)

‘...customers have come back if you help them and if you do a good job and they then come back and purchase goods anyway without sort of trying to sell to them particularly. They say, well you have helped me before, and you have done a good job, and I think customers will do that if you give them a good quality service. Because they sort of, they will know all the things that we do.’ (Branch 2, Customer Services Officer, SN)

There were also practices and procedures in place that ensured a high level of service and many examples were quoted of how the staff had provided excellent customer service to the customers:

‘...If the manager feels that we have made a mistake, rather than just writing and saying sorry now, he has the ability to authorise payments, I think its up to £25.00 for flowers or a reasonable token or refund, which I think, is a nice gesture. Because I had a friend at another branch who accidentally gave somebody a £1000 too much, but they brought it back, and her manager didn't see why he should give the customer anything.’ (Branch 2, Senior Customer Services Officer, PL)

There were procedures in place that ensured the continued service of the cash point machines:

‘...we have got a computer centre, doing a sweep of the cash point machines several times during the weekend, of which they have mine, my assistants, and my supervisors telephone numbers, so if it does stop working we have got to know who the key holders are, [and call people out to investigate it]... So that is the protection that we have over the weekends. Previously as a cluster we had someone driving around to make sure they were all working!’ (Branch 2, Manager, MR)

As discussed earlier in the ‘punishment contingency’ (Estes, 1944) breakdowns in providing good customer service were taken very seriously and efforts made to ensure that any problems were quickly addressed.

The staff perceived the staff training in the branch as both flexible and effective, with only one person commenting that there was not enough time to do it. All the staff had attended the TQM and Starburst training programmes that had been introduced to the bank over the last three years. The staff had taken these initiatives very seriously. All staff except the branch advisor (who was involved with selling and not customer service) perceived that the TQM and Starburst initiatives were active and effective in the branch. One of the members of staff interviewed was in fact the person responsible

for the quality initiative in the branch. He discussed numerous examples of how customer service and quality had been improved for the customers and how the staff in this branch were actively involved in these initiatives:

‘...Our cluster is fine there is no problem, and the TQM is still strong, and we still have monthly meetings...followed up by a wider scope, but other clusters that I know of...it has all like died a death. Which is a shame really, because when it came out a couple of years ago, everyone had to do it, everyone was up for it, but now it has just gone like, you know, squashed by the way side.’ (Branch 2, Customer Services Officer, MW)

‘...when your card is retained [by a cash point machine] like during the day, normally it would go, come into the machine, and shoot down into the safe part of the machine, which is at the bottom, and obviously all the money is kept there, so you can't open the safe up during the day. Obviously during opening hours, because it is a security breach. So hence, people who were losing their cards during the day, couldn't get their cards back until 24 hours later, when obviously the branch has been shut the door has been opened, and the cards have been taken out and retained. [this was causing customer complaints] So it was mentioned to TQM, and an offy was sorted out, now an offy, stands for Opportunity for Improvement, and it is basically a form, a sheet of paper which is written by whoever comes up with the idea, signed by the manager and sent off again to the relevant department. So one of these forms was filled out, and it was decided that instead of having the cards shooting down into the safe all the time, all we did was take one of the parts off, which was like the shoot, which basically sends the cards down and into the safe, and just put a cardboard box there instead. So now the cards are coming in, and landing in the cardboard box, which is at the top of the machine, so they are not going down to the safe, and customers can come in and get their cards back straight away.’ (Branch 2, Customer Services Officer, MW)

‘I raised one myself, again the cash point machines! It was to do with the stationery and the changing of stationery that was on the cash point machines. Basically when you change the stationery on the machine, you are supposed to, or you are meant to turn off the machine, which stops your customers from using it, while you are changing the stationery. You see, well I came up with the idea, that not all the machine needs to be turned off all the time, when you are changing the stationery. And hence customers can still use the machine, and you are not losing time for when the machine is down. And again that was mentioned. It was implemented within this cluster, so you could do it while customers were using it. I don't know whether it has been mentioned like, nationally, but it was just an idea that came up here.’ (Branch 2, Customer Services Officer, MW)

Participation was also used within the branch for the training activities to get staff involved in the products and to build up their knowledge of the product portfolio. It was also recognised that by doing this, that it would lead to improved customer service for the customers:

‘...But if there is staff participation, and if there is something they can read as well, then they tend to get more involved. Which is why every week they have a quiz as well, like a product knowledge quiz, It just keeps everyone involved. It is not like a severe ticking off if you get none of them right for example, but you know in yourself and if you have... We instigated it here... So again I mean that's good, because you want people on the till, for example, if a customer, if you came up to the till, and you say, I

have this account, what is the interest on this at the moment? You want the cashier to say it is 3.4 now you will go, right, ok, thanks very much. That's impressive, or you want them to say, I am not sure at the moment, I haven't got them to hand, but give me a moment, they walk off, come back, ah. it's 3.4 at the moment, and they will think that's all right. But if they kind of like...I think it is about 3.5 but it may be a bit less than that, you will think, great, thanks for your help...so it is important for people on the till, for example, and on enquiries obviously, that they have a good knowledge.'

(Branch 2, Customer Services Officer, MW)

The staff in Branch 2 were not concerned about the sales practices in the branch and did not perceive that they were being pulled in different directions in terms of customer care and selling. In fact two members of staff perceived that there was no role conflict in the branch at all. This was probably due to the philosophy of the branch manager who was obsessed with customer service. Whilst acknowledging that there was increasingly a sales orientation in the bank, he believed that if you kept the customers interests at heart and only sold products to them that were beneficial for them (not just to get a sale) that you would build better relationships with the customers. In turn the customer would be more likely to trust you, stay loyal to the bank and buy other services. This view was very much supported by his staff:

'...we consider it as being good customer practice, because you know, if you are paying, if a customer is paying like £5,000 for example into an account which is only paying like half a percent. They're going to be a bit hacked off when they come to find 12 months later they find that the interest is only like £2.50 or something on that account, they will be going up the wall. So if we tell them there and then, it's this, we think it is good customer service.' (Branch 2, Customer Services Officer, MW)

Branch 2: Summary

In summary, the research indicates, that the high retention rate for this branch was a product of a well-organised branch, where there was open communication, the staff were well rewarded for their efforts and the staff knew exactly what to do. The branch manager had provided his staff with clear goals and guidelines to direct their behaviour and then within that framework had allowed them a degree of flexibility and autonomy about how to undertake their jobs. The staff in the branch also perceived that the training they received was effective and they were actively involved in the TQM and Starburst initiatives to improve customer service and quality. The high retention rate of this branch would also seem to be the result of a branch where not only the staff worked well together and provided each other with warmth and support but they were also genuinely interested in and concerned for the customers. Whilst acknowledging that there was a focus on sales for the bank, the staff did not experience any role conflict in dealing with sales and service.

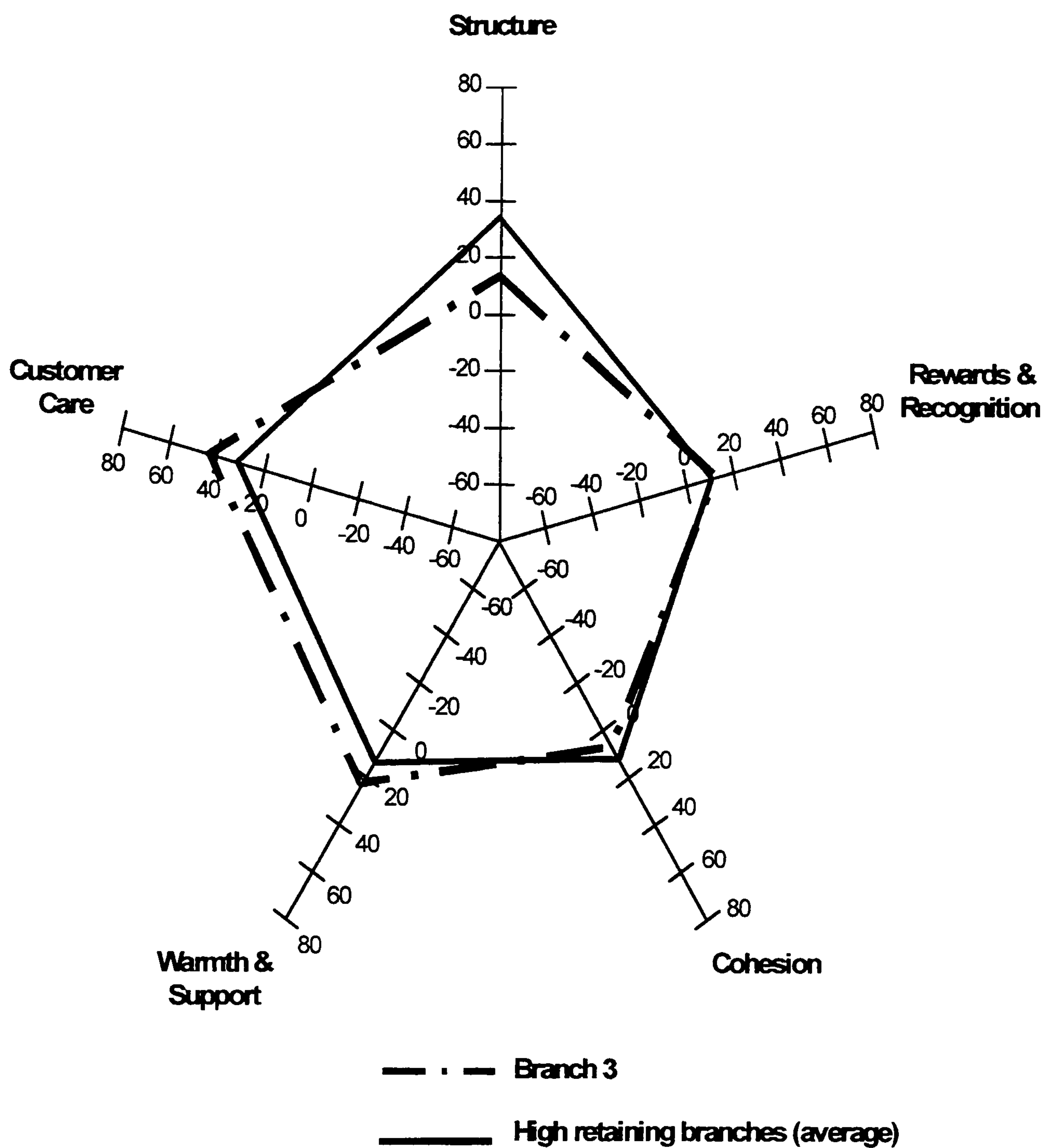
4.1.3 High retaining Branch 3 – within-case analysis

Branch 3 has the third highest customer retention rate (70.1%) of all the branches in the sample and the highest level of dormant accounts within the high retaining branches (11.2%). Amongst the high retaining branches, Branch 3 has the lowest number of employees and the second highest number of accounts open and active after three years per employee. This branch manages 153.7 accounts per employee as opposed to

an average of 171.13 for the high retaining branches, 107.1 for the low retaining branches and 139.14 for the sample as a whole. The average age of employees (30.7 years) and the average length of service (10.1 years) are approximately the same as for the whole sample. The manager's length of service is also the same as all the other managers in the high retaining branches and compares to an overall average 21.2 years. The branch has the highest ratio for full-time to part-time staff in the high retaining sample, with approximately four full-time staff for every one part-time member of staff. Appendix C contains a full summary of this data plus other variables, which were taken into account when selecting Branch 3 in relation to the other branches in the study. Appendix I.3 provides a summary of the individuals whom took part in the semi-structured interviews.

The summary data for Branch 3 is shown in Appendix H together with the data for the other high and low retaining branches. An overall total score has been calculated for each of the climate themes in Appendix H. This was achieved by subtracting the scores for negative comments from the positive scores for each of the climate dimensions. These total scores are displayed at the end of each climate theme in Appendix H and then averaged across the three high retaining branches. Figure 4.3 displays the total scores in chart form for each of the key climate themes for Branch 3 and shows how typical the profile of Branch 3 is when compared to the average for other high retaining branches. It can be seen that Branch 3 has a similar profile to the other high retaining branches in terms of 'rewards and recognition' and 'cohesion'. However, it has a higher rating than the other high retaining branches for 'customer care' and 'warmth and support' and a lower rating than the other high retaining branches for 'structure'. A review is now made of each of the five climate themes and dimensions.

Figure 4.3: Key climate themes for Branch 3 in comparison with the average for the high retaining branches



Structure

In the other branches in the sample, the management roles were typically split between the manager and the assistant manager, with the manager taking responsibility for sales and overall management of the branch and the assistant manager being responsible for customer service and managing the staff on a day-to-day basis. However, in this branch the division between sales and service was not so marked. When asked about the division the assistant manager’s response was as follows:

‘It is and it isn't. It is in theory, the manager deals with the sales staff a lot, in her absence I take over, but in saying that, if I felt there was something there on the sales side that could be done, like we have meetings so that ideas from us are sort of mingled. We wouldn't say we were split, we always try and do it together, rather than, I think you can get to a stage when it first came out, the sales and service, that it is a

them and us, and we didn't really want that, so we tried to do it more or less together...' (Branch 3, Assistant Manager, LL)

This was also reflected in the perception that there was no division between sales and service people in the branch. This was not only observed during the visit to the branch but also commented on during the interviews. Customer service staff in the branch were in fact obliged to make referrals for the sales staff and also do some of the follow up telephone calls in the evening. The manager's philosophy regarding the branch staff working together as a team was as follows:

'...I was always used to everybody working together as a team any way, and obviously customer service, and the meeting of targets, being the ultimate achievement, and other things along the way, but they are like the ultimate achievements. And everybody working towards those achievements. And I don't think you can have a complete divide there, because you have cashiers, who should be spotting opportunities from the customers they are seeing, and at the end of the day that is providing a good customer service, and you have got sellers doing the calls and that, who again are responsible for providing a service for the customer...I felt it was never a really sort of conscious decision we would go against what the bank wants, we are not going to do this divide, of sales and service, but I just felt at the time, everybody here was so geared up to working as a team, and everybody was so aware of sales targets and used to, an input towards those targets. That to me it would have been a waste because, like you have really good cashiers, who have been trained in a certain way, are we suddenly going to say, forget about it you don't need those talents any more.' (Branch 3, Manager, CJJ)

In the same way that the manager encouraged the staff to work together as a team, the staff also perceived that they were able to vary their roles and responsibilities:

'... We sort of take it in turns, so you have a month, or a three month stint on each job or something. So they do change around, so it is not continuously, but I tell you it doesn't take long to get down when you are on the telephone dealing with complaints or queries...' (Branch 3, Assistant Manager, LL)

Interestingly, there were no comments from the staff regarding how well the branch was organised, except for one negative comment from a customer services officer (see Appendix J). However, from observations made during the branch visit it was obvious that the branch was extremely well organised. Everyone knew exactly what their job entailed and what they needed to do on a day-to-day basis. There were noticeboards all over the branch with information clearly displayed for the benefit of the staff.

All the staff agreed that there was good open communication between the manager and the staff and between the staff in the branch:

'You feel that you can go to her [the manager], if you have a problem and she is always there, she is very open if you need, or if you have a problem you can sit with her and talk to her about it.' (Branch 3, Customer Services Officer, CJ)

'I just think the atmosphere is here, I think people work together here, and as I say if people do have something to say, then they say it. And I think that makes for a better atmosphere. You can go to people, talk to people, if you have any queries or if you have any problems...' (Branch 3, Branch Advisor, JT)

Despite the goals and performance standards used in the branch as a means of controlling staff behaviour (see rewards and recognition below), the staff still perceived that they had autonomy about how to respond with respect to work procedures, goals and priorities. The staff also perceived that they were involved in the branch activities and decision making and had flexibility regarding the rules and procedures relied upon in the branch. The manager herself admitted that she didn't always agree with the bank procedures and applied some flexibility to them:

‘...I don't always agree with the procedures that come out, I don't think quite often they are flexible enough, but I think that is up to the branch then, although the bank doesn't like you to apply some flexibility to them.’ (Branch 3, Manager, CJJ)

The following quote is a good example of how the manager had adapted and changed bank procedures that had come from head office for the benefit of the staff and the customers:

‘It is something the bank introduced a few weeks ago, to try and improve customer service, but when it came down to it, we tried to implement this form, but it is basically where the interviewers had to just fill in little ticks in the boxes, and to say exactly what they were doing for every five minutes of the day. And if they were in their office, and there wasn't a customer with them it would show up on this box, and basically, when we reviewed the use of the form, we discovered that it was very time consuming, most of the information on there is duplicated on other forms that we have got anyway that they have to fill in. But there was one real benefit... it made them conscious of the fact that whenever they were sitting in their booth and didn't have a customer with them, that they were being naughty, because they were supposed to be out there to take the next customer, and it did make them feel that they were kept on their toes. So what we did we actually scrapped the baywatch form as it was known before, so we decided we tried it, it didn't work, but that is something good that came out of it, so we will introduce our own system for that. And what we do we actually use the form now, where each interviewer has got one of these forms in their office, and if any other staff member sees them in their booth without a customer, they can go and make a mark on their form. And it doesn't happen, nobody is going in and putting a mark down, but it means the interviewers are conscious of the staff around them, that they are going to be looking at me, I'd better get out quick. Get and see the next customer.’ (Branch 3, Manager, CJJ)

This philosophy was very much echoed by the staff as follows:

‘...There are branch procedures that you have to keep to, but customers are customers, and as long as I am not breaking any rules, then, again, if it is a charge, and I feel the charge is unjust, I will amend the charges. And the manager gives me that authority, so I don't have to go to her...’ (Branch 3, Assistant Manager, LL)

‘She [the manager] is very on the ball. Well I think she is, and she is quite receptive really. Like, if she came up with an idea for something, and I think if you automatically turned around and said oh., I don't want to do that, I don't think that is going to be helpful. Then sorry but you would have to do it, but in that respect as long as you turn around and give it a go, and if it doesn't work then, and then you come and say, sorry, I don't think that's working because of this, this and this. Then she would

say fine, forget it. We will try something else. As long as you give it a go, and that is the same with everybody. If it was an idea that came from me, but the manager didn't think it would work perhaps, but she would say ok, lets give it a go, see how it goes, if it doesn't work, then you can forget about it, if it works great. So it is a two way thing. And I think she is very good at that. Obviously, you know, you have to give suggestions a chance. It is very much like that.' (Branch 3, Branch Advisor, JT)

Three members of staff in this branch reported that they and other members of staff were under pressure with their respective jobs. The pressure experienced by the staff was mostly because the cashiers were expected to serve customers and try to spot referral opportunities at the same time. They felt that trying to do two things at the same time, which not only put them under pressure, but was also likely to lead to cash errors as they were not concentrating fully on their jobs.

Rewards and Recognition

The staff in the branch perceived that they were rewarded and recognised in positive and innovative ways in the branch. For example, the branch manager and assistant manager recognised that the staff often worked long hours and were more than happy for the staff to take time off work for things like having their hair permed, or school sports days for their children etc:

'...if you need a day off, then it will be looked at...I would hope they would always be able to come to us, they know it is not going to be an issue. That if they have done a good job, then they feel rewarded in that way. I mean, it is this type of branch where they work here till 5.30pm - 6pm, and no one moans about not getting overtime... But I think that is the only way sometimes that you can make them feel as though, you know, that they are a valued member of staff. So I wouldn't like to think that anyone would think that they couldn't come and sort of ask for time.' (Branch 3, Assistant Manager, LL)

Although all of the staff strongly agreed that they were rewarded and recognised in positive ways, to a lesser degree they also perceived that they were punished for their behaviours or received negative feedback. The two main issues that were highlighted in the interviews revolved around poor customer service (see end note 1) and not doing enough referrals. When either of these problems occurred they were dealt with by the managers, firmly and swiftly and based on specific instances of poor performance:

'I wish...everybody could be constantly happy and everybody could be constantly brilliant but I don't think you are. You know, you try to make as little mistakes as possible, but at the end of the day, you are only human, and I'm afraid we do make mistakes, I think, I mean, obviously if they don't, if they do go through spells where they aren't referring when they should, then obviously then a meeting is called before we open up of a morning, and they are told, they are not referring, so please do so.' (Branch 3, Branch Advisor, JT)

Interestingly, this branch was the only highly retaining branch where all the staff perceived that they were being under-rewarded and treated unfairly in terms of their salaries and bonuses in comparison to the sales staff. However, most of these comments were directed to head office and not at the manager of the branch:

‘...if we do well here, the cashiers will probably get something like... £40 a quarter, for the hard work that they have done. What is £40 when the tax man has had some of it...they make it so hard to achieve these targets, that they don't want to pay you the money...the service people have to refer to get the sales as well, so it is more like a team effort. Yet the sales people have to work hard to get their bonuses, but at least their bonuses are something to work for...’ (Branch 3, Assistant Manager, LL)

‘...I do feel they are making it harder for people to get a good pay rise. That's it, and I don't think they are the most well paid, No. I mean you have got a supervisor, she is downstairs, a supervisor, who, she can take over my job, she can even take over the branch, like for 48 hours by herself, and she is on £12,000 a year, and she has to take all that responsibility. We have cashiers who are only on £10,000 a year. But [the supervisor], could easily put her pen down and say, I may as well sit down on the counter, for £2,000 less, and no responsibility, no people shouting at you.’ (Branch 3, Assistant Manager, LL)

In this branch, goals and performance standards, including monitoring staff, were used as an effective means of controlling staff behaviour. The manager was able to provide her staff with very clear guidelines about the standards of the job and what was expected from her staff:

‘I would hope in motivating the staff, perhaps by spending time with them personally...by making them aware of what is expected of them, and monitoring what they are actually doing. So I think they know when I implement something, they know exactly what is expected of them, and they know that I am going to be going back and looking afterwards. As to what they are doing. So I don't just say things that I don't mean.’ (Branch 3, Manager, CJJ)

The manager believed that if the staff were not reaching the required standard, it had to be corrected straight away:

‘...obviously what we want to do is bring everybody up to the standard and if they are not reaching the standard, you have to correct it straight away don't you.’ (Branch 3, Manager, CJJ)

One of the main methods for monitoring staff in the branch was to get the staff to observe each other. The manager believed that this was better than the managers doing it themselves because she felt that they would do it just because the manager was there rather than all the time:

‘...If for arguments sake, like myself or [the assistant manager], go in to the cashier area... I think quite often if we are in there for any length of time, they have an inkling that we are there because we are listening, we are doing an observation on them. But it is better really, if we do them on each other, because then they don't know. So it might be Ann that is working in there, on the desk, by the counter in there, and she does an observation on the cashiers, and I think that gives us a true picture then, so... I think if anything, to be honest, they would rather do it on each other.’ (Branch 3, Manager, CJJ)

These observations then allowed the staff the opportunity to improve their ratings before the quarterly review took place:

‘... if there are perhaps a few points that we felt could have been improved upon, they have the opportunity then to improve before their review, and hopefully we will go back and do another one as well.’ (Branch 3, Manager, CJJ)

Other examples of monitoring the staff are as follows:

‘Being able to know and address customers by name, that is something that we are constantly looking at, we watch out, we actually carry out survey's on each other to make sure that we are using the customers' names, and that we are using our own names as well.’ (Branch 3, Manager, CJJ)

‘...[selling] is part and parcel of your job, and that is laid down, and you are monitored against it, and ...that is what you are set against. You are all given a target like the branch, and if you don't perform against that target then you get marked down for it, and then that comes into next year's pay.’ (Branch 3, Senior Customer Services Officer, KK)

‘And the cashiers, they have their own books, to write the referrals in, we have to give feed back to them on whether a sale has been made or whatever. And the books are checked on a regular basis to make sure that they are doing the referrals.’ (Branch 3, Branch Advisor, JT)

Cohesion

The staff at this branch interacted well with each other and were a good example of a cohesive organisation. They socialised with each other and perceived that they worked well together as a team:

‘... We go out now and again for a drink or a meal.’ (Branch 3, Customer Services Officer, MH)

‘I would like to think it's because...of this team aspect, I mean I am not saying it's true, but I would like to think it's because everybody really just wants to see the branch get on, and isn't necessarily motivated by money. I know I'm not, to be honest, and I know Linda isn't.’ (Branch 3, Manager, CJJ)

Warmth and Support

Morale was not specifically mentioned during the staff interviews. However, from observations whilst visiting the branch it was easy to conclude that morale at this branch was very good. The staff, however, were disappointed that they hadn't achieved their normal high scores for the recent mystery shopper survey but it had not impacted on morale. If anything, it made them more determined to get their usual high scores next time. All the staff in the branch perceived that the staff were very friendly to each other and provided each other with consideration, warmth and support. All the staff (except one who did not comment) also perceived that the manager provided her staff with consideration warmth and support and got on well with them. The following

are just a few examples of how people spoke about the warmth and support in the branch:

‘...everybody is open. I mean if there is a problem, you see somebody come in of a morning say, you know, they are upset because they have had an argument. They will say, oh, I've had an argument today, like, and they are open about it. Even, god, I've got no money left at the end of the month...Or good things, it seems that everybody will tell everybody else what is going on...when other people have come here [to this branch], they say, gosh, isn't it friendly in your branch.’ (Branch 3, Senior Customer Services Officer, KK)

‘...it's surprising that nothing is out of bounds, you wouldn't believe the things that we talk about, but like, and then we try to encourage, and if you see somebody who is like down or unhappy, I don't sort of think, they don't look very happy, I will go to them...I have had staff that come here, and after a while they've you know they start talking to you, and they say, well I was never like this at my other branch, they didn't know anything about me...’ (Branch 3, Assistant Manager, LL)

‘I think this is the best one [branch] I have ever worked at. I don't know, I just find that this is a comfortable branch. If people have things to say at this branch they will say it. But, then that's it, they have said it, the only way you can learn sometimes if you are doing something wrong, is if someone tells you that you are doing it wrong. Rather than, I have worked in some branches, you see, where it hasn't been said to your face, it is said behind your back, and it makes for a bad atmosphere, so you don't treat everyone as you would like here, in a family atmosphere.’ (Branch 3, Branch Advisor, JT)

‘...[The assistant manager] is very much the same to be perfectly honest...you can go to [her] with any problems, any queries you have got. They are all really good, you know, I have never, ever once, had to go to them [the managers], and they have not told me what they thought, or tried to help in any way, or, to be honest they are very good.’ (Branch 3, Branch Advisor, JT)

In contrast, staff in the branch perceived that head office and senior managers did not provide the staff with consideration, warmth and support and did not get on well with them. The following is just a small selection of some of the comments that were made about head office:

‘...most people in head office don't have a clue as to what goes on in a branch, and even those that have worked in a branch, I think they have very short memories.’ (Branch 3, Manager, CJJ)

‘...maybe it is the branches fault for not complaining enough, but you get so tired of complaining sometimes that you just deal with the problems yourself, and management don't always realise that, they think it is all sales in branch, and that is what you are up for. But it isn't, there is so many problems in branches, customer problems, customer concerns, that they want to speak to you, they just want to come in, and they want to see someone there and then.’ (Branch 3, Assistant Manager, LL)

Customer Care

This branch had recently received mystery shopper scores that were not as high as the scores they would normally expect to receive. They achieved a score of 65% when they would normally expect to achieve a score in the mid-eighties (80% is the average score for the whole branch network). Because of this the staff were definitely reticent to make too many claims about how good their customer care was, however, the manager and the assistant manager were keen to point out that they are exponents of customer care:

‘this [customer service] is something that is of paramount importance...always really, but especially at the moment...and I'm sure when the staff go through their questionnaires...they will be thinking, oh this [customer service] is the sort of thing we are talking about any way. It is the sort of thing we are conscious of anyway.’ (Branch 3, Manager, CJJ)

‘What I say to my customers...if you have any problems at all, not just about this, but anything you want to talk over, any help, anything I can do for you, you have my card, just pick up the phone.’ (Branch 3, Manager, CJJ)

However, the manager was concerned that despite the staff at the branch wanting to provide an excellent service to the customers, they were often prevented from doing so because of bank procedures laid down by head office:

‘Showing personal concern for any customers banking problems? Again, it is a point that I feel quite strongly about, that, I do share personal concern and I feel it is essential to do that, but the bank doesn't, and certainly we have got the situation, probably you have come across it before, that if a customer is getting in to difficulty with repaying the commitments we are not allowed really to discuss it with them. We say here is the phone, you phone head office, they are dealing with it now...we are told, no, you can not do it... If you do it you will suffer on something else. You give the customer the phone, and they phone head office, and they sort it out with them direct, and you are not given any thanks for trying to help them out at all.’ (Branch 3, Manager, CJJ)

All of the staff perceived that there was a focus on practices and procedures in relation to customer care in the branch. This very much fitted in with their obsession with innovative initiatives that were evident at the branch (TQM, Starburst and others). The staff really liked improving quality for themselves and for their customers and went to great lengths to do so.

The staff training in the branch was perceived to be effective, interactive and flexible. All the staff had attended the TQM and Starburst training programmes that had been introduced to the bank over the last three years and had taken these initiatives very seriously. All the staff overwhelmingly perceived that the TQM and Starburst initiatives were active and effective in the branch. The staff were not just doing these initiatives as prescribed but had moved them on in creative and innovative ways. For example, in the branch there was a ‘grumbles board’ where everyone could write up on a board the things that irritated them the most. These issues were then used as a basis for improving quality in the branch:

‘...anything that you are annoyed about in the branch, you put it on the board, so we can all see...instead of moaning to yourself you know, god I wish they wouldn't do this, instead of moaning, you put it up on the ‘grumble board’.’ (Branch 3, Assistant Manager, LL)

‘Well yes, because as soon as one is put up on there, really we discuss it in the next meeting, and again the idea is to get it out in the open and clear the air.’ (Branch 3, Manager, CJJ)

Examples from the ‘grumbles board’ and TQM initiative are as follows:

‘Answer internal call with name, saying an extension call, before we used to answer the telephone saying hello, and they didn't know who they were talking to, so what we do is we tell them who we are straight away.’ (Branch 3, Assistant Manager, LL)

‘We have a lot of trouble with our phones ringing all the while, and not enough staff answering them. We actually had the phones ring, changed the phone system so it can ring in all offices, so it can ring everywhere...well there's been more people answering the phone, so therefore I would assume it has helped the customers in that way by getting the phone calls answered quicker.’ (Branch 3, Customer Services Officer, MH)

Although the staff at the branch were initially suspicious of the Starburst initiative introduced by the bank they have now come to appreciate it and take it seriously:

‘...I know it was all a bit of a joke to start with, and ah... Starburst that's a bit sick isn't it, but yes, I think it has been taken really seriously. And to say I know it has been difficult for some of the staff to be a Starbursty person, but nevertheless, they know what is expected of them...And they know that we are all working together towards the same standards.’ (Branch 3, Manager, CJJ)

The staff at the branch appreciated the importance of retaining customers for the bank and had procedures in place so that they would know what to do should anyone wish to close their account:

‘If it's like they want to close their account. Usually charges queries phone up and complain, you explain the charge and if they are happy with that, it is solved, you know, you say why they have been charged, and usually they sort of calm down, and you resolve the problem yourself over the phone and by letter. If it is worse than that, that they want to close the account, normally we make them an appointment to call in if it is a customer concern, then obviously we have to pass it to the bank manager, if they are going to take it further anyway, for us to deal with it within 48 hours and get back to them with the result.’ (Branch 3, Customer Services Officer, CJ)

However, the staff also recognised that the branch may not wish to retain those customers that may be costing the bank money:

‘...like a couple of days on excess every month or something. They will say it is costing us money.’ (Branch 3, Customer Services Officer, CJ)

The staff at this branch had mixed feelings regarding selling. Whilst recognising that there was an orientation to sales practices and procedures in the branch, a number of staff perceived that this was to the detriment of the customer. They also perceived that it had a negative impact on the attitude and behaviour of the staff in the branch and also contributed to the pressure that some of the staff were experiencing:

‘It does me when I am serving on the counter, when I am cashiering, and I am thinking, I am concentrating on doing the cashiers job, making sure my till will balance at the end of the week, and then in my mind, my mind is going over, and thinking, well, can I refer this person, why do I want to refer this person. You know, you have got things on your mind all the while, and you can't concentrate on one thing. And that is how cash errors, that is how you get cash errors.’ (Branch 3, Customer Services Officer, MH)

‘...there is a pair [of cashiers] in a group...and during the week they have to send out ten letters to people, and then telesale them up, after they have received the letters, to try and make an appointment for them. Now I would say, they don't like doing that. So there are jobs they don't like doing, we know they don't like doing, and I can appreciate that, but it is part of service.’ (Branch 3, Assistant Manager, LL)

Although there was very little evidence for role conflict in the branch, the following quote nevertheless highlights the anxiety and pressure the staff felt when being pulled in different direction in terms of customer service and selling. It was also typical of the negative behavioural attitude the staff had when they were required to focus on selling:

‘...I mean, I think, having to refer three a day, and you are thinking you have your little book, and you have to write them down, and if someone comes in with a bill, you think over the counter, you have to refer it. You are doing the transaction and you are trying to think I have got to refer it, and then you do, and they either say no, they are not interested or they have been asked 20 times before, or whatever, and you have to write this in your book, and think oh, I haven't done it, I'm going to fail on my review, and you are so worried, you one, make cash errors, make mistakes on the till, because you are thinking about referring and you are trying to pay his bill, and looking around to see if any one is free, and two, it affects your customer service, because you are not chatting about the weather because you are thinking about referring so you are not saying, oh it's a nice day today isn't it Mr Smith, and how are you, and is it cold outside, because you have to have general chit-chat with the customer. I think it affects customer service having to refer...I really feel that that affects your customer service because you are not concentrating on the customer you are concentrating on the sale, if you can get this person sat down...but I think if I didn't have to worry about that, and I could just serve the customer, I could take time, and have a chat to them, and they would probably come back and they would say, hello, we are moving house, can you give me a quote, or. The rapport would be a lot better. I think that would affect customer service.’ (Branch 3, Customer Services Officer, CJ)

The staff, however, also recognised that selling could be for the benefit of the customer as the following quote illustrates:

‘...obviously if there is a need there, for the customer then that's good customer service, because if they had just walked in...and they haven't got home insurance. And after talking to them they realise they needed it, took it out, and went and got the cover and they have gone home. We even known customers come in here, and while they have been in here, taking it out, they have been actually burgled, and that has actually

happened. So you know, I do think we can help them in that kind of respect.’ (Branch 3, Branch Advisor, JT)

The manager, assistant branch manager and one of the customer services officers spoke at length about the negative impact that head office practices and procedures had on customer care at the branch level. They spoke about the problems of having head office staff who insist on imposing practices and procedures onto the branches that are difficult to work with and are not in the best interests of the customer:

‘...for example, the mortgage incentive that we have at the moment...I don't think that was really launched in the right way, in that...we didn't have the proper staff training programme, to launch that. And because the staff didn't understand it, it was probably a matter of weeks, before the staff were confident in using it and explaining it to the customers which was a shame really, because the product itself is excellent... (Branch 3, Manager, CJJ)

‘We have to have written authority from the customer, they either come into the bank to reception and we get them to sign a cancellation form, or they write us a letter. Now once we have those cancellation forms, or the letter, we send them on to [head office]...And they should action them within the next few days to cancel them, but they haven't and some of them have slipped through the net, they haven't been done... we have started photocopying the actual cancellation forms and keeping a file at the branch. So that we know, that if they turn around and say to us we have received no information about it, we know that we have sent it off...’ (Branch 3, Customer Services Officer, MH)

The branch manager found it particularly frustrating that her experience in dealing with customers was not valued by the bank:

‘Such as lending decisions, whether or not to lend to a customer. The computer makes a decision, and it is all on a score card, and you go along with that score card, and the bank's attitude is, just lend the customer the money, because the computer is saying lend it, and the computer knows better than you, just lend the customer the money, and if it goes bad, then it goes bad, the bank will realise it's mistake, and it will alter the computer system. But in practice you can not let that happen, because if you have someone in front of you, and you know, I mean I know from my own experience, better than the computer does, I can detect from knowing my customers whether or not, I am not saying 100% of the time, but whether or not they are likely to be able to pay that money back. And I just can't ignore that experience, but the bank would say do it, and to be honest, it has reached the stage, where there has been quite a bit of conflict about it, and we are told now, it is not for you to make the decisions, you just do it. Consequentially we just do it, and you know it is not doing the customer any favours, and that is not good customer service... on the whole when you have got experienced people, and they are dealing with these customers, it is just a waste really. You know, because the bank doesn't want to use their experience... They will probably tighten the score card up to such an extent, that yes it will cut down on the bad debts, but how many other good customers are we turning away to do that. It is always the wrong customers...’ (Branch 3, Manager, CJJ)

Branch 3: Summary

The research indicates that the high retention rate for this branch was a product of a well-organised branch, where there was open communication, teamwork and the staff

knew what they had to do. The branch manager was also able to provide her staff with clear goals and guidelines within which they were able to have some autonomy and flexibility about how to undertake their jobs. In this branch there was a great focus on practices and procedures in relation to customer care. This very much agreed with the staff's obsession with innovative initiatives in the branch to improve both internal service quality and service quality for the customers. It was almost as if they had a mission or blueprint in mind as to what the perfect service encounter should look like and were striving to achieve it. The staff at this branch did, however, have mixed feelings regarding selling. It would appear that although the staff did not particularly like selling, they recognised that it was part of what they must do and as they were encouraged to work as a team to improve service and sales, they accepted that this was part of their job role.

4.2 Cross-case Analysis

This chapter has so far analysed each of the three high retaining branches on an individual basis and provided a summary of the key climate themes that emerged from the analysis. The remaining part of this chapter will now take the analysis of the individual branches to a further stage of data reduction and will focus on analysing the consolidated data for those branches. This section is divided into six sub-sections. Sections 4.2.1- 4.2.5 considers specific climate themes and identifies the similarities and differences for each of the climate dimensions across the three high retaining branches. Each section is summarised with a table relating to the specific climate theme. The tables are based on Appendix H and provide a summary of the qualitative data for the climate dimensions for the specific climate theme for the three branches. The final section, Section 4.2.6, summarises the findings from the high retaining branches.

4.2.1 Structure

This section will analyse the extent to which there is a perception of a degree of structure imposed on the position in the high retaining branches. This climate theme is made up of a series of dimensions that focus on structure, for example, communication, rules and procedures, participation, autonomy etc. These dimensions will now be analysed for the three high retaining branches.

In the two highest retaining branches in the sample (Branches 1 and 2), the management roles were typically split between the manager and the assistant manager, with the manager taking responsibility for sales and overall management of the branch and the assistant manager being responsible for customer service and managing the staff in the branch on a day-to-day basis. However, in Branch 3, the third highest retention branch, the division between sales and service was not so marked, with the manager and the assistant manager working more closely together.

All three branches had good open communication and were very well organised. For example, rota systems were used in these branches to allow the staff to vary their job roles from time to time, to help alleviate boredom and to ensure that staff remained enthusiastic. It was recognised that doing the same job continuously, especially if it is a

particularly difficult role, for example, dealing with complaints or queries can be very demanding for the staff.

The noticeboards in the high retaining branches were always well organised and uncluttered. They were used not only to display the rota systems but also to keep the staff up-to-date and informed on training, mystery shopper scores, product information, holiday information, sales data, social events and so forth. As well as the noticeboards being well organised, all of the high retaining branches were, in fact, very neat and tidy. This was the case not only in the banking areas, which were visible to the customers, but also behind the scenes in the rest rooms and corridors.

The high retaining branches were also organised in terms of their systems and procedures for serving the customers. This ensured that they carried out their jobs in the most efficient and effective ways. Each branch had adopted its own unique ways for doing things. For example, in Branch 1 there was a cabin behind the cashiers that contained everything they needed to serve the customer, such as stationery, elastic bands etc.

As well as the branches being well organised, the employees from the two highest retaining branches perceived that they had clarity in terms of their job roles and responsibilities. For example, the rota list enabled staff to focus their attention on their job and be very clear about exactly what their job entailed and what their responsibilities were. This level of organisation and job clarity clearly had an impact on providing good customer service at the branch level. For example, in Branch 1, the staff clearly understood the role of the receptionist. They organised a system that enabled the receptionist to keep track of the customers visiting the reception, who they were seeing, and how long they were likely to be. The staff were then able to estimate whether it was worthwhile another customer waiting to see a particular staff member, or whether they would be better booking an appointment for another time.

Although the high retaining branches were well organised and goals and performance standards were used as an effective means of controlling staff behaviour (see rewards and recognition below), the staff still perceived that they had flexibility regarding the rules and procedures relied upon in the branch. The staff also perceived that they had autonomy about how to respond with respect to work procedures, goals and priorities and that they were involved in branch activities and decision making. This would seem to indicate that the staff were provided with clear guidelines about the standards of the job and what was expected from them by the manager and that within that framework the staff were then allowed flexibility and autonomy about how to undertake their job roles.

Interestingly, the two highest retaining branches where the staff had perceived the highest levels of role clarity, organisation and flexibility of rules and procedures, were also the branches that acknowledged that the rules, procedures and routines varied between branches. Whilst the manager from Branch 3, did not acknowledge that the rules, routines and procedures varied between branches, she nevertheless admitted that she didn't always agree with bank procedures and applied a certain amount of flexibility to them. The manager of Branch 3 also supported her staff and gave them

the authority to be flexible about branch procedures, as long as they were not breaking any rules.

The staff in the high retaining branches mostly did not report that they and other members of staff were under pressure with their respective jobs. Only Branches 2 and 3 reported perceiving that they were under pressure. The pressure experienced by the staff in Branch 3 was mostly due to the staff being required to serve customers and trying to provide referrals for sales activities at the same time. The staff felt that by trying to do two things at the same time, it was likely to lead to cash errors as well as putting them under undue pressure. The only comment regarding pressure in Branch 2 was because a particular member of staff felt under pressure regarding cash errors.

The following Table (4.1) is based on Appendix H and provides a summary of the qualitative data for the climate dimensions relating to the structure theme for the three high retaining branches.

Table 4.1: Structure dimensions for the high retaining branches

	High Retaining Branches		
Structure	1	2	3
Managemt. roles	Split between manager and assistant manager. However, in Branch 3 managers worked closely together.		
Communic-ation	Staff perceived good, open communication between managers and staff.		
Rules and procedures	Staff perceived flexibility in terms of rules and procedures.		
Rules between branches	Recognition that rules varied between branches.		No finding.
Participat-ion	Staff perceived that they were involved in branch activities and decision making.		
Autonomy	Staff perceived that they had autonomy about how to respond with respect to work procedures, goals and priorities.		
Role clarity	Staff perceived that they had clarity of job roles and responsibilities.		No finding.
Organisat-ion	Staff perceived that the branches were well organised, neat and tidy and that they had good systems and procedures for serving the customers.		
Staffing	Staff perceived that the branches did not have enough staff.		
Pressure	No finding.	Staff perceived that they and other members of staff were under little pressure with their respective jobs.	
Role variety	Staff perceived that they were able to vary their roles and responsibilities.		

4.2.2 Rewards and recognition

This section will analyse the extent to which there is a perception in the high retaining branches that the employees are rewarded and recognised. Each of the climate dimensions relating to this climate theme will now be considered.

The climate dimension that was mostly commented on by the staff across all the dimensions for the high retaining branches was the ‘positive reinforcement contingency’ (Bergiel and Trosclair, 1985). That is, the extent that employees perceive that they are rewarded and recognised in positive ways. Nearly all the staff of all three branches perceived that they were rewarded and recognised in positive ways in the branch. There were many examples of the managers making the effort to remember and recognise Christmas and birthdays for the branch staff. There were also examples of the manager showing members of staff appreciation for their hard work or for the way they had provided customers with good customer service.

In the high retaining branches, staff were often recognised and rewarded publicly for excelling at providing customer service. For example, for the winner of the cashier of the quarter award, the staff member’s name and what they had done was published in the cluster newsletter. They were taken out for lunch with a senior manager and allowed to wear their own clothes rather than their uniform. They were then given the rest of the day off. Finally, their names were then entered into the cashier of the year award.

There were also awards for attaining proficiency in the bank’s TQM initiative. All the staff in the high retaining branches who had gone through the quality training were awarded Q badges and they all ensured they wore them each day. In the high retaining branches, there were even examples of the staff being rewarded and recognised in positive and innovative ways by being allowed to take time off work as appreciation for the long hours that they had worked (Branch 3).

Although all of the staff strongly agreed that they were rewarded and recognised in positive ways, to a lesser degree there were also examples of the ‘punishment contingency’ (Estes, 1944), which is the extent to which employees perceive that they are punished for their behaviour or receive negative feedback. Most of the punishment examples in the high retaining branches revolved around the provision of poor customer service and the staff not doing enough referrals or not focussing enough on sales. When either of these problems occurred in the branches the staff were dealt with firmly and swiftly by the managers.

Across all the high retaining branches there was only one example of an ‘avoidance contingency’ (Cherrington, 1994), that is the extent to which employees make a response to avoid an aversive consequence. This example occurred in Branch 3 as the result of a customer services officer providing poor customer service to a customer. The customer was in fact an ‘unofficial’ mystery shopper from another branch who was sent to test out the service offered in Branch 3. The customer services officer was very upset to have let down the branch and her colleagues in the branch. She was also upset that she had been identified as the person responsible for the poor results. The

outcome of this was that the customer services officer went out of her way not to go on duty in the reception area in case she found herself subjected to another mystery shopper exercise.

The extent to which employees perceive that they receive no reinforcement, either positive or negative, is referred to as the 'extinction contingency' (Cherrington, 1994). This concerned a number of staff in Branch 1. They often felt that their efforts were not recognised at all and that they were not appreciated. However, with the exception of one comment in Branch 2, which referred to an 'extinction contingency' from head office, there were no other comments from the staff in the high retaining branches referring to an 'extinction contingency'.

In the high retaining branches, goals and performance standards, including monitoring staff, were used as an effective means of controlling staff behaviour. Staff were monitored on a regular basis and provided with immediate feedback on their performance. They knew exactly what was expected from them and were kept informed of how good they were at their jobs and how their behaviours had impacted on branch performance. This dimension was the third most commented on dimension in the high retaining branches and was considered to be effective across all three branches.

The high retaining branches not only did the normal monitoring procedures required by head office but they also did extra ones to monitor the staff's performance regarding customer service. For example, as well as the normal mystery shopper programme that was conducted by head office, they also did their own 'unofficial' localised mystery shopper programme. The way this worked was that a number of branches in the area would mystery shop each other, in an attempt to improve their customer service and their chances of getting good scores in the 'official' mystery shopper survey carried out by the bank. Another method used by managers for monitoring staff performance was to get the staff to observe each other rather than the managers doing it. It was generally believed that this gave a better picture of staff performance and allowed the staff the opportunity to improve their ratings before the quarterly reviews took place.

Equity refers to the extent to which employees perceive that they are being treated fairly in terms of rewards, recognition and appreciation. The results of the interviews for the high retaining branches regarding equity were mixed, primarily because of the bank's strategy for focusing on sales and insisting that the branches reward sales behaviour rather than customer service. The majority of the comments regarding perceptions of equity were received from Branch 3. All the staff in this branch perceived that they were being under-rewarded and treated unfairly in terms of their salaries and bonuses in comparison to the sales staff. However, most of these comments were directed to head office and not at the manager of the branch. These views were also echoed to a much lesser degree in Branches 1 and 2. The manager of Branch 1 clearly explained the problem faced by the branches:

'...basically no incentives are paid to branch staff, to cashiers really, unless the branch achieves certain sales targets and also achieves certain customer care targets and also inspection targets, to make sure that the procedures are followed etc. But the maximum that any person can achieve as far as the cashiers go, is £160 per quarter in a payment

bonus, but that is only achieved if the branch hits 100% of all of its sales targets, and achieves full inspection target and achieves this, and achieves that, and the other. So, compare that to what they see that the interviewers are receiving when they receive cash payments if they get 80% of their personal targets and the cash payments are enormous compared to what the maximum of what the service staff can achieve, they think the weightings on the way that the incentives are worked out are favouring the sales staff, where at the end of the day, what the bank wants the cashiers to do...[is] to generate referrals to the sales interviewers but the effect of these referrals is going to mean that the sales interviewers are getting bigger and bigger bonuses, but the bonuses and incentives that the cashiers can get are capped.’ (Branch 1, Assistant Manager, MP)

To overcome these problems of inequity, the high retaining branches did their best to try to make the cashiers feel more appreciated and rewarded and more part of a team (see cohesion, warmth and support below).

Table 4.2 is based on Appendix H and provides a summary of the qualitative data for the climate dimensions relating to rewards and recognition for the three high retaining branches.

Table 4.2: Recognition and rewards dimensions for the high retaining branches

	High retaining branches		
Recognition and Rewards	1	2	3
Reward – PRC	Staff perceived they were highly rewarded and recognised in positive ways. Staff received public rewards for excelling at customer service and awards for TQM. Staff were more rewarded than punished.		
Punishment	Staff perceived they were punished or received negative feedback for poor customer service provision or poor sales. Problems were dealt with swiftly and firmly and based on specific instances of poor performance.		
Escape contingency	No finding.		
Avoidance contingency	No finding.		1 person commented re. an avoidance contingency.
Extinction contingency	Staff perceived that they were not recognised or appreciated.	No finding.	
Equity	Mixed results. Staff perceived that they were both fairly and unfairly treated.		Staff perceived that they were under-rewarded and unfairly treated in terms of rewards and recognition and distribution of workload.
Goals	Staff perceived that goals and performance standards were used as an effective way of controlling staff behaviour. Branches used ‘unofficial mystery shopper’ programme and observations.		

4.2.3 Cohesion

Cohesion refers to the extent to which employees have a feeling of togetherness and cohesion within the organisation for each other and the group as a whole. This is shown by the extent to which the staff have feelings of togetherness, pulling together and cohesion in the branch. It is also demonstrated by the extent to which the staff socialise with each other, work as a team and have shared perceptions. The high retaining branches are good examples of all of these dimensions. The dimensions were all positive across all the branches except for two comments from Branch 3 regarding working as a team (comments were from the same customer services employee who had been identified as providing poor customer service during an ‘unofficial’ mystery shopper exercise, see Appendix J). Each of these climate dimensions will now be analysed in turn for the three high retaining branches.

In each of the high retaining branches, staff reported that they interacted well with each other and the managers. The staff in the high retaining branches also socialised extremely well with each other. There were numerous examples of the staff having nights out together and going to various functions. There was also a recognition that if there was a good atmosphere in the branches and the staff got on well with each other then the more likely it was that the customers would be happy. The staff in the high retaining branches also spoke about working together as a team, getting on with each other and helping each other and the branch to do well.

A particularly interesting characteristic of Branches 1 and 2 within the area of cohesion was ‘shared perception’. Evidence for shared perception in these branches revolved around how busy the branches were. Appendix C shows that Branch 1 had the highest number of accounts open and active after 3 years per employee for the whole sample, i.e. 236.8 accounts per employee and that Branch 2 had 122.8 accounts open and active after 3 years per employee. These figures were against an average of 139.1 for the sample as a whole and an average of 107.1 for the low retaining branches. Yet despite the fact that Branch 1 had more customers to serve per employee than all the other branches and Branch 2 had more customers to serve per employee than two of the low retaining branches, the staff at these branches still maintained that they were not busy.

There are two possible explanations for this shared perception. First, because the branches were so well organised the staff were under far less pressure and were able to cope better with a greater number of accounts and second, because the staff kept saying they were not busy they now believed it, even though the evidence suggested otherwise.

Table 4.3 is based on Appendix H and provides a summary of the qualitative data for the climate dimensions relating to cohesion for the three high retaining branches.

Table 4.3: Cohesion dimensions for the high retaining branches

	High retaining branches		
Cohesion	1	2	3
Interaction among staff	Staff perceived a feeling of togetherness, pulling together and cohesion.		
Socialise	Staff perceived a high level of socialising among the staff.		
Shared perception	Staff had a shared perception that the branches were not busy.		No finding.
Team	Staff perceived that they worked well together as a team.		Staff mostly perceived that they worked well together as a team. 1 person perceived that they didn't work well together as a team.

4.2.4 Warmth and support

This section considers the amount of warmth and support not only from the managers and head office to the staff but also among the staff in the high retaining branches. As well as warmth and support, this climate theme also includes staff morale and the extent to which staff trust their managers. Each of these dimensions will now be analysed for the three high retaining branches.

In the high retaining branches there was a tremendous amount of warmth and support among the staff. The staff in the branches seemed to genuinely care for each other. Only in Branch 2 is there a lower score for warmth and support among the staff in comparison to the other high retaining branches. As well as providing each other with warmth and support, nearly all the staff from the high retaining branches perceived that the managers provided the staff with consideration and support and got on well with each other and with the staff. There were numerous examples of how this was provided. One assistant manager in particular (Branch 1) spoke at length about how he respected his staff as friends and not just colleagues and the kind of atmosphere he liked to have in the branch.

The high retaining branches clearly showed a high level of warmth and support among the staff and from the managers to the staff. It would, therefore, be reasonable to expect that morale should also be high for the high retaining branches. However, morale was only coded if it was specifically mentioned as ‘morale’ by the member of staff being interviewed. Morale among the staff was, therefore, only mentioned once by a member of staff from Branch 2. However, from observations made whilst visiting the branches it was easy to conclude that the staff in the branches were highly motivated and morale was very high. The staff were smiling, cheerful and eager to

please. They did not talk about finding new jobs, or about how unhappy they were in their existing jobs.

In contrast to the mostly positive climate dimensions for warmth and support, the staff in Branches 1 and 3 perceived that head office and senior managers did not provide branch staff with consideration, warmth and support and did not get on well with them. A number of staff criticised head office staff for never having worked in a branch and therefore not understanding the pressures and demands that are placed on the staff. However, this was not the case in Branch 2. There was only one negative and one positive comment made regarding head office and senior managers. The positive comment was regarding the fact that they get regularly supplied with leaflets and brochures from head office and the negative comment was regarding the training videos and questioning whether the staff responsible for making them had ever worked in a branch.

Table 4.4 is based on Appendix H and provides a summary of the qualitative data for the climate dimensions relating to warmth and support for the three high retaining branches.

Table 4.4: Warmth and support dimensions for the high retaining branches

	High retaining branches		
Warmth and support	1	2	3
Warmth and support among staff	Staff perceived that they provided each other with a lot of consideration, warmth and support and got on well together.		
Morale	High level of morale.		
Warmth and support by managers	Staff perceived that managers provided the staff with consideration, warmth and support and got on with each other and the staff.		
Trust management	No finding.		
Warmth and support from head office/senior managers	Staff perceived HO and senior managers did not provide staff with consideration, warmth and support and did not get on well with them.		Staff perceived HO and senior managers did not provide staff with consideration, warmth and support and did not get on well with them.

4.2.5 Customer care

Customer care refers to the extent to which the employees perceive that there is a focus on practices and procedures in relation to customer care in the branch and employees’ perceptions of overall customer care and service quality. This climate

theme is made up of a series of dimensions that focus on customer care. These dimensions will now be analysed for the three high retaining branches.

The staff in the high retaining branches had a genuine interest in and cared for their customers. Many of the staff spoke about the excellent service provided by their branches and how they had provided excellent customer service to customers. The managers of the three high retaining branches in particular were very customer orientated and recognised the importance of treating customers as valued customers.

Whilst service quality was perceived to be good for Branches 1 and 2, with Branch 2 gaining above average scores for their mystery shopper survey. Branch 3 unfortunately did not do as well as they expected in terms of their mystery shopper scores. They achieved a score of 65% when they would normally expect to achieve a score in the mid-eighties. Because of this the staff were definitely reticent to make claims about how good their customer care was. However, the manager and the assistant manager were keen to point out that they were exponents of customer care.

The staff in the high retaining branches perceived that there was a focus on practices and procedures in relation to customer care in the branch. For example, there are procedures in place to ensure the continued service of the cash point machines. And procedures for giving customers a gift or payment if it is felt that the branch has made a mistake with a customers account. This focus on practices and procedures very much fitted in with the innovative initiatives that were evident in the high retaining branches (TQM, Starburst and others). The staff really liked improving quality for themselves and for their customers and went to great lengths to do so.

The staff perceived the staff training in the high retaining branches as both flexible and effective. To a much lesser extent there were a few comments across the branches that there was either not enough training, not enough time to do it in or that it was ineffective. All of the staff had attended the TQM and Starburst training programmes that had been introduced to the bank over the last three years. The staff in the high retaining branches had taken these initiatives very seriously and provided numerous examples of how customer service and quality had been improved for the customers and how the staff were actively involved in these initiatives. It should, however, be noted that the TQM initiative was only included in the semi-structured interviews after the interviews were undertaken for Branch 1 (which was the first branch to be visited), therefore there is no data regarding the TQM initiative in Branch 1.

The staff were not just doing these initiatives as prescribed by their training but had developed them in creative and innovative ways. For example, the 'grumbles board' where issues were used as a basis for improving quality in the branch and the 'product quizzes' where building up the staffs knowledge of the product portfolio also helped to improve customer service for the customers.

The high level of customer care in the high retaining branches was also reflected in the staff's perception that the customers were treated equally regardless of their value to the bank and that there was an active attempt to retain customers and foster customer loyalty in the branches. The staff in all three branches practiced exercises on what to do in the event of an account closure. They were very clear about the procedure that

they would go through when someone wished to close an account and who in the branch the customer should be referred to. The staff, however, also recognised that the branches may not wish to retain those customers that may be costing the bank money.

The extent to which employees perceived that there was a focus on sales practices and procedures in relation to customer care in the branch was varied across the three high retaining branches. The staff in all three branches perceived that there were some benefits to the customer for focusing on sales. However, to a greater degree, the staff in Branches 1 and 3 had mixed feelings regarding selling. Whilst perceiving that there were some benefits for the customers, they also perceived that focusing on selling practices was not only detrimental to the customer, but also had a detrimental impact on their own attitude and behaviour. Branch 1 perceived it was more detrimental to the customers than Branch 3, but both branches perceived the impact on their own behaviour to be more or less the same. All three branches perceived that there was no division between the sales and service people in the branches.

As previously discussed, the staff in the high retaining branches were genuinely interested in and cared for the customers, however, they were also obliged to contribute to sales targets and provide leads for the sales executives. This resulted in the employees in Branches 1 and 3 experiencing role conflict. Role conflict refers to the extent to which employees perceive that they are being pulled in different directions in terms of providing customer care and trying to sell products to customers. This can lead to considerable stress for the employee and diminished customer care for the customer. The staff in Branch 1 experienced a particularly high level of role conflict. The staff members interviewed felt that their first obligation was to serve the customers and address their needs and that any emphasis on selling should take second place.

The staff in Branch 2, however, did not perceive that they experienced role conflict. On the contrary, two members of staff perceived that there was no role conflict in the branch at all. The staff also did not view that focusing on selling practices was detrimental to the customers or to employee behaviour. In fact, the staff perceived that focusing on sales practices and procedures in relation to customer care in the branch was beneficial to the customers. The manager of this branch seemed to have been able to convince his staff that by clearly identifying customers' needs and selling them products that are beneficial to them helps the customer in the long term. In return the customer is more likely to trust you, buy other services and want to build a long-term relationship with the bank.

In Branches 1 and 3, both the managers and the assistant branch managers spoke at length about the extent to which head office practices and procedures impact on customer care at the branch level. They were concerned that despite the staff at the branches wanting to provide an excellent service to the customers, they were often prevented from doing so because of bank procedures laid down by head office. They both spoke about the problems of having head office staff who have not worked in branches, who don't understand how they work and insist on imposing practices and procedures onto branches which are impossible to work with. The manager of Branch 3 found it particularly frustrating that the bank did not value her experience in dealing with customers. This was in stark contrast to Branch 2 where there was only one

negative comment from a member of staff regarding head office practices and procedures and their impact on customer care.

Table 4.5 is based on Appendix H and provides a summary of the qualitative data for the climate dimensions relating to customer care for the three high retaining branches.

Table 4.5: Customer care dimensions for the high retaining branches

	High retaining branches		
Customer care	1	2	3
Practices and procedures for customer care	Staff perceived that there was a focus on practices and procedures in relation to customer care.		
Impact of practices and procedures on staffs attitudes and behaviours	Staff perceived that the practices and procedures had a positives and negative impact on staff attitudes and behaviour.	No finding.	Staff perceived that the practices and procedures had a positive and negative impact on staff attitudes and behaviour.
Sales practices and procedures	Staff perceived that there was a focus on sales practices and procedures.		
Sales for the benefit of the customers	Focus on sales practices and procedures were perceived to be for the benefit of the customers.		
Sales for the detriment of the customer	Focusing on sales was perceived to be detrimental to the customers.	Sales perceived not to be detrimental to the customer.	Focusing on sales was perceived to be detrimental to the customers.
Sales impact on staffs attitudes and behaviours	Staff perceived that the focus on sales had a negative impact on staff attitude and behaviour.	Staff perceived that the focus on sales did not have a negative impact on staff attitude and behaviour.	Staff perceived that the focus on sales had a negative impact on staff attitude and behaviour.
Role conflict	Staff perceived that they experienced role conflict.	Staff perceived that they experienced no role conflict.	Staff perceived that they experienced role conflict and no role conflict.
Managemt. sales role conflict	No finding.		
Sales-service division	Staff perceived there to be no sales-service division.		

Training	Staff perceived the training to be flexible and effective.		
Innovative initiatives	TQM initiative perceived to be active and effective Starburst initiative perceived to be active and effective.		
Service quality	Staff perceived there was a high level of service quality.	No finding.	
Customer care	Staff perceived there was a high level of customer care.		
Customers treated equally	Staff perceived that customers were treated equally regardless of their value to the bank.		
Customer retention practices	Staff perceived that there was an active attempt to retain customers and foster customer loyalty.		
Head office practices and procedures	H/O practices and procedures were perceived to impact in a negative way on customer care in the branches.	No finding.	H/O practices and procedures were perceived to impact in a negative way on customer care in the branches.

4.2.6 Summary – High retaining branches

In summary, the three high retaining branches were very similar to each other in terms of the main climate themes and dimensions. They were well-organised branches, with open communications between the staff and the managers. The branch managers provided their staff with clear goals and performance standards as a means of monitoring staff behaviours. Within these guidelines the staff perceived that they had autonomy about how to respond with respect to work procedures, goals and priorities and were able to vary their job roles and responsibilities. The staff also perceived that they had a degree of flexibility about how to do their jobs and were involved in branch activities and decisions.

Because the managers of the branches were confident that they had clearly articulated what was expected from the staff, if the staff performed their jobs well, they were rewarded and recognised in positive ways. However, if the staff did not perform their jobs satisfactorily they were swiftly and immediately punished for their behaviour. This approach served to encourage ‘good’ behaviours amongst the staff and to discourage and correct ‘bad’ behaviours.

Cohesion, warmth and support were also common to all the high retaining branches. The staff provided each other with consideration, warmth and support, socialised well with each other and worked well together as a team. The managers also provided their staff with consideration, warmth and support.

In all the high retaining branches the staff were genuinely interested in and cared for the customers. The staff consistently went above and beyond the call of duty to ensure that their customers were satisfied with the service they received. They actively sought to retain customers for the bank. This customer focus was supported by the staff who actively and effectively focused on the TQM and 'Starburst' initiatives that were introduced by the bank to improve service quality and customer service.

Despite these similarities between the three high retaining branches, Branches 1 and 3 do, however, stand out as slightly different to Branch 2. It would seem that the staff in Branches 1 and 3 appeared to have a 'common enemy' in terms of head office. Head office not only wanted the branches to achieve their sales targets but also wanted the staff to provide the customers with good customer service. The staff and the managers in these two branches found this very difficult and as a result, reported that they experienced role conflict and perceived that focusing on sales was detrimental to the customers as well as to the staff. However, in their effort to achieve the targets set by head office, they effectively 'banded' together to try to support each other. They did this by the managers and the staff offering each other warmth and support. They also did this by heavily criticising head office for its lack of warmth and support and for trying to implement practices and procedures at the branch level which the staff believed were impossible to work with and prevented them from providing an excellent service to the customer.

In contrast, Branch 2 did not appear to have a 'common enemy' as such. Firstly, the staff were not critical of head office. There was not the same level of negative comments about the lack of warmth and support from head office as there was for the other two branches. Similarly there was only one negative comment about head office practices and procedures and their impact on customer service at the branch level, in comparison to many negative comments from the other two high retaining branches. Secondly, the staff in this branch did not experience any role conflict in dealing with sales and customer service. They also did not perceive that the bank's focus on sales was detrimental to the customers or had a negative impact on the staff behaviours. This manager seemed to have been able to take on board the bank's objectives in terms of sales and service and then communicated this to his staff, convincing them that a sales approach focused around customers needs is beneficial to the customer in the long term. Thirdly, Branch 2 also had a higher score than the other two branches for staff perceptions that the training provided in relation to customer care in the branch was effective. It is possible that during those training sessions the manager's philosophy regarding sales was communicated to the branch staff.

As there did not appear to be a 'common enemy' for this branch and as the manager provided his staff with consideration warmth and support, there was not the same need for the staff to 'band' together to provide each other with consideration, warmth and support, as there was in the other two branches. Interestingly, this was the branch where the manager recognised that he managed the branch quite differently to the way other branches were managed, in terms of the rules, procedures and routines of the branch.

The following chapter will now review the qualitative results for the low retaining branches.

5 LOW RETAINING BRANCHES: CASE ANALYSIS

Chapter 4 reviewed the results of the qualitative research for the three high retaining branches used for this study. This chapter will now follow the same format as chapter 4 and review the qualitative research for the three low retaining branches. The chapter is divided into two sections. Section 5.1 provides a summary of each of the three low retaining branches and the key climate themes that emerged from the analysis. Section 5.2 analyses the consolidated data from the three low retaining branches. The purpose of this chapter is to take the analysis of the individual low retaining branches to a further stage of data reduction and provide a summary for the low retaining branches. The following chapter will then compare and contrast the key climate themes for the high and low retaining branches.

5.1 Summary of Individual Branches

As previously discussed in Chapter 4 and in accordance with the approach recommended by Miles and Huberman (1994) for summarising and analysing data, the transcripts from the semi-structured interviews in each of the six branches were coded and the information was extracted and organised by climate theme (see Section 3.3.5). This enabled the raw data to be reduced to manageable proportions and facilitated further analysis. Based on the tactic of ‘counting’ (see Section 3.3.5) Appendix H shows a summary of the interviews for each of the six branches, coded by climate themes and dimensions. However, for the purposes of this chapter, only the data pertaining to the three low retention Branches, 4, 5 and, 6 will be referred to in the text.

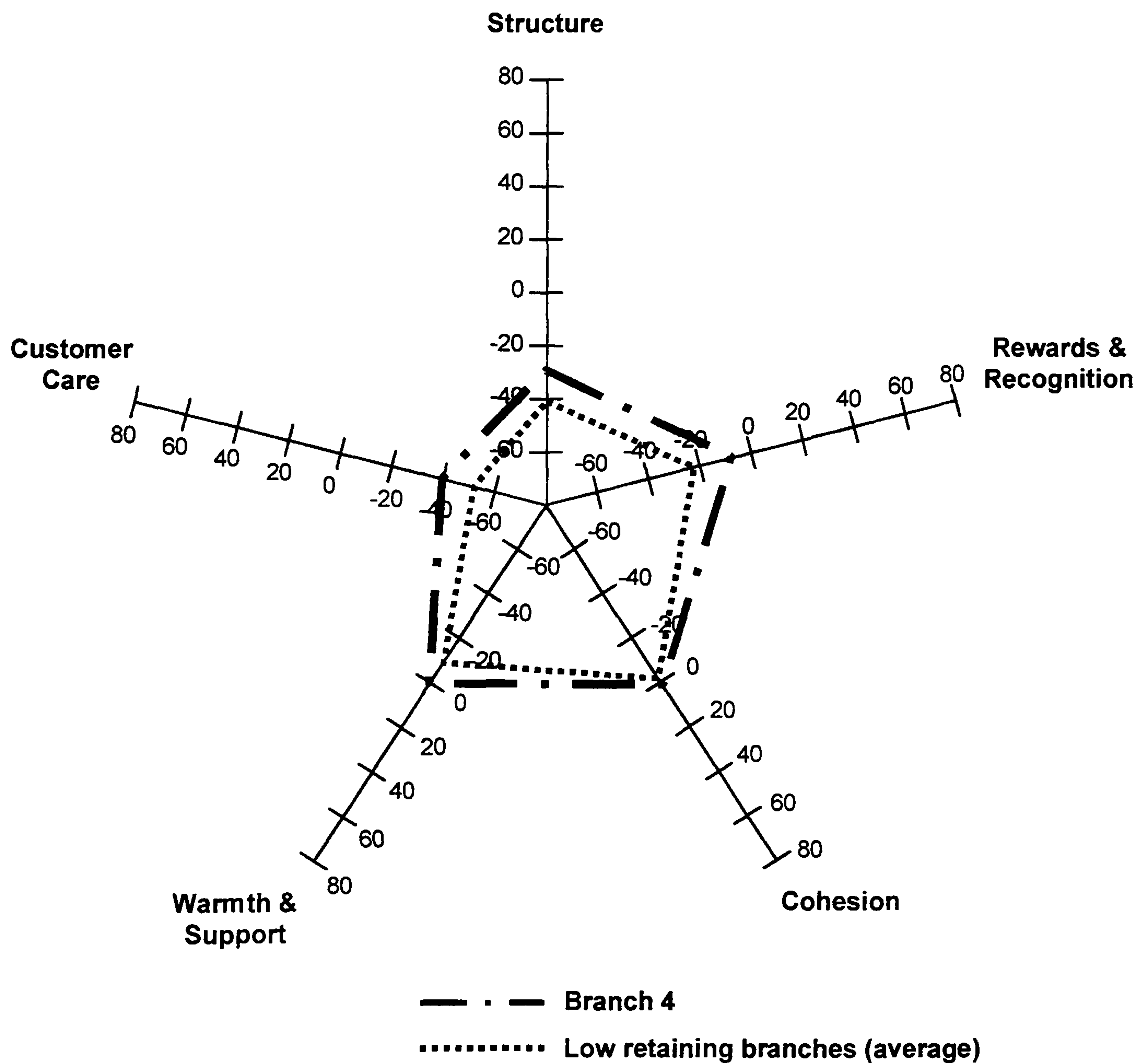
5.1.1 Low retaining Branch 4 – within-case analysis

Branch 4 has the third lowest customer retention rate (63.2%) of all the branches in the sample and the second highest level of dormant accounts within the low retaining branches (18%). Although Branch 4 has the highest number of employees in the sample, it also has the second lowest number of accounts open and active after three years per employee. This branch manages only 91.6 accounts per employee as opposed to an average of 107.1 for the low retaining branches, 171.1 for the high retaining branches and 139.1 for the sample as a whole. The average length of service for the employees at the branch is approximately the same as for the sample as a whole (10 years against an overall average of 9.7 years). The manager’s length of service, however, is shorter than all the other managers in the sample, with 17 years as opposed to an overall average of 21.2 years. The branch has one of the higher ratios for full-time to part-time staff in the sample, with approximately four full-time staff for every one part-time member of staff. Appendix C contains a full summary of this data plus other variables, which were taken into account when selecting Branch 4 in relation to the other branches in the study. Appendix I.4 provides a summary of the individuals who took part in the semi-structured interviews.

The summary data for Branch 4 is shown in Appendix H together with the data for the other high and low retaining branches. An overall total score has been calculated for each of the climate themes in Appendix H. This was achieved by subtracting the scores

for negative comments from the positive scores for each of the climate dimensions. These total scores are displayed at the end of each climate theme in Appendix H and then averaged across the three low retaining branches. Figure 5.1 displays the total scores in chart form for each of the key climate themes for Branch 4 and shows how typical the profile of Branch 4 is when compared to the average for other low retaining branches. It can be seen that Branch 4 has a higher rating than all the other low retaining branches on all the climate themes, with the exception of ‘cohesion’, where Branch 4 has a very similar profile to the other low retaining branches. A review is now made of each of the five climate themes and dimensions.

Figure 5.1: Key climate themes for Branch 4 in comparison with the average for the low retaining branches



Structure

In this branch, the sales and service staff were managed separately. The branch manager had responsibility not only for the overall management of the branch but also for sales and for achieving branch objectives. The assistant manager, whilst reporting to the manager, had responsibility for customer service in the branch.

A week before the interviews for this research were conducted, a new customer services manager was appointed to the branch. She was responsible for the customer service of the branch and was brought in to try to improve the low levels of customer service the branch had been experiencing. On arrival at the branch, she very quickly implemented some new practices and procedures designed to improve service levels at the branch. These new improvements were discussed with staff members in some of the interviews that took place and were included in the coding sheets. However, as these improvements were very recent, they have been highlighted in red in the coding sheets to distinguish them from the 'normal' situation at this branch.

The staff at this branch perceived that they had a high level of autonomy about how to respond with respect to work procedures, goals and priorities:

‘Steve will let people manage their own department.’ (Branch 4, Branch Advisor, KL)

‘I think everyone prefers the style of management that Steve has, where it is more relaxed, because you feel more comfortable, you are not scared to try new things, and be, and use your initiative in case it goes wrong, because he would say, well done for using your initiative but it hasn't worked.’ (Branch 4, Senior Customer Services Officer, LF)

The manager had allowed the staff to plan their own work and to a large extent manage their own time whilst at work. He saw delegation as one of his strengths:

‘...Pretty laid back really...I think. I would say that if I was looking at strengths, I would probably say delegation, motivation, and if I was to look at weaknesses, or areas that need to be improved is do I make sufficient demands of people...I feel that I give sufficient empowerment as well, which I think is dead important.’ (Branch 4, Manager, SS)

This autonomy is also reflected in the manager's perception that he allowed some flexibility in the branch with respect to the work rules and procedures:

‘Yes, I think [there is a bit of flexibility], yes.’ (Branch 4, Manager, SS)

The manager quoted an example of how he believed he had changed the rules for the benefit of the customer. The example referred to the fact that they replenished the cash in the cash point machine while the branch was open which is against bank rules and was a security issue:

‘...so we close the doors for no more than 30 seconds while someone whips in and whips the cassette out into a secure area, we then fill it up, ...and then we close the doors again for a matter of seconds while we put the money back in again, and we

reactivate the machine, so the customer isn't being inconvenienced...so we are trying to actually provide a service that the bank aren't prepared to do, in order that no one is inconvenienced...' (Branch 4, Manager, SS)

He also allowed a certain amount of flexibility when dealing with bank charges:

'...I think you have got to treat each case on it's merit with charging...' (Branch 4, Manager, SS)

Although flexibility and autonomy was encouraged within the staff's specific job roles, there were a number of complaints from staff about the lack of job variety in their work. It was the branch manager's policy not to rotate people around different jobs. Instead, if a member of staff was good at a particular job, they would find that they were always doing that job:

'...often you are not encouraged to do different things, you will more or less find a part of something that you are really good at, and stick on that...' (Branch 4, Customer Services Officer, SA)

Whilst the manager liked to believe he had a participative style of management, he also acknowledged that he did not get much response from the staff and believed that it was better to talk to them individually rather than as a group:

'...in isolation sometimes you will get more out of them...' (Branch 4, Manager, SS)

'I think I am approachable, but I very seldom get approached, which is, which makes you wonder whether you are approachable...' (Branch 4, Manager, SS)

This was reflected in the communication within the branch that was very formal and closed, with the management keeping information to themselves and not informing the staff of what was going on, on a regular basis:

'Down to myself I probably didn't sort of communicate areas of responsibility...' (Branch 4, Manager, SS)

This has also resulted in rumour and speculation among the staff and has created uncertainty within the branch:

'...there is always a lot of rumour before any changes, and then eventually we do get told...but there is always a build up to things going on, which I don't think is good for staff all the while.' (Branch 4, Customer Services Manager, EM)

Because of this lack of two-way communication in the branch and perhaps because the management were very formal and closed in their communication with the staff, the staff did not feel comfortable about feeding back information to the manager and participating in branch activities or decision making. This is evidenced by the fact that the staff withheld their names from a mini survey that was conducted in the branch:

'It becomes like a tell session really, you know, you tell them what we have got to do to put it right...So what we actually did at the time we handed out honesty sheets, and

sort of said, right, well just highlight some areas where you think we have problems with and suggested recommending a solution, but they were all blank... there was no names on it, and things like this, so again there was the witch hunt on everything, and some of them said I don't like the way you are doing that...' (Branch 4, Manager, SS)

Only one member of staff supported the view that the manager was approachable and would listen to suggestions from the staff:

'...one of the strong points is that he listens to his staff, and if you come up to him with a suggestion and you say I don't think this is going to work, and what you started isn't working, he will listen, and then actually do something about it, so that is really good, he is very approachable...' (Branch 4, Senior Customer Services Officer, LF)

The staff perceived that they and other members of staff were under a lot of pressure with respect to their jobs. This branch had the second highest score for pressure in the whole sample:

'The staff how they feel, I don't think we are appreciated as much as we could be in a branch so busy...but actually appreciated I don't think sometimes they realise the pressure that you are under.' (Branch 4, Customer Services Officer, BH)

'...I only recently got divorced...the bank hasn't helped because of the demands. I know other managers...who are having problems at home because of the demands placed on them, through work.' (Branch 4, Customer Services Manager, EM)

The negative impact that stress had on customer service and sales in the branch was highlighted in the following quote:

'...like if you are stressed and you are under pressure and you have a hundred things to do you don't listen, and if you spot opportunities you are less likely to take up on something, because you are thinking oh, I could do that, but it will take me half-an-hour, but I have a back log here, so you do miss things, and sometimes you deliberately miss them, you don't mean to, but you do skirt over issues and you know you should have looked into it a bit more. And that is the sales side and customer service as well.' (Branch 4, Senior Customer Services Officer, LF)

There were a number of factors that could have contributed to the high levels of pressure in the branch and ultimately the poor customer service (see 'Customer care' below). Firstly, this branch was very badly organised. Four out of the six members of staff discussed this in their interviews and particularly the new customer services manager. It seems she was called in to the branch to try and improve the service quality in the branch as it was at such a low level:

'It wasn't organised effectively, the way I like it, it could be a lot more productive...' (Branch 4, Customer Services Manager, EM)

A number of staff complained that the manager was particularly disorganised:

'...his [the manager] worst strength is that he is not thorough enough and he is not organised, sort of thing.' (Branch 4, Senior Customer Services Officer, LF)

This lack of organisation at the branch was observed by the researcher whilst visiting the branch and a number of examples were documented. When the researcher first arrived at the branch there were four members of staff serving behind the counter. Instead of each of them sitting behind their own counters and serving the customers in turn, they were all bending over each other, trying to find equipment and relevant pieces of paper to serve the customers. The staff were also having little conversations between themselves and generally appeared not to be giving the customers their full attention. The whole scene looked chaotic and very disorganised. Also, throughout the branch, noticeboards were cluttered, shabby and badly laid out. Notices appeared to be poorly photocopied, even in the customer service area there was a photocopied notice pinned up on a wall saying the bank was looking for part-time staff.

This lack of organisation in the branch plus the manager's laid back approach was indicative of the fact that the manager did not know what was going on in the branch or what the supervisors were really doing. The manager, however, believed that one of his strengths was delegation, but to his staff it was abdication:

‘He has really let them run the show, and they were just basically doing what they want to do’. (Branch 4, Customer Services Manager, EM)

The manager, himself, admitted that this was the case:

‘The one was the management of different areas of the branch, which I thought was happening, but it wasn't really, there wasn't effective management by the supervisors really. They tend to work very close together, but no one actually knew who to go to in the event of whatever.’ (Branch 4, Manager, SS)

‘...we had problems because the very size and nature of this branch, there is a lot of footfall and the turnover, and you get involved in the activity, and you know yourself, once you are locked in an office, world war three could be going on outside, and you wouldn't be aware of it, so it was really a problem with the supervisory staff that I have had here...’ (Branch 4, Manager, SS)

Rewards and Recognition

All the staff in the branch felt rewarded and recognised in positive ways:

‘Do you think people feel rewarded and appreciated? Yes, I think they do if they are really honest about it...’ (Branch 4, Branch Advisor, KL)

The manager in particular was considered to be very good at rewarding and recognising his staff and would often thank them for their hard work:

‘...I think the manager really appreciates us...Because if we have had a bad day, he will come and thank you for it.’ (Branch 4, Customer Services Officer, BH)

‘...First of the month is very busy in the bank, and on a Friday is very busy, it fell on a Friday so you've got both at once, plus we were four staff shorter than usual. So there were three things that accumulated together, made for a horrendous day...and everyone was doing a really good job, and he [the manager] went around and thanked everyone

and I am sure, can't remember if he bought cakes but I think he did, or sweets or something just to say thank you.' (Branch 4, Senior Customer Services Officer, LF)

The manager did not believe in penalising the staff even when there were problems in the branch with, for example, the poor mystery shopper results (see Customer care below):

'They were very disappointed, very disappointed. I think, I mean I have sat in front of a board showing scores with us at the bottom, for an hour and a half, and squirmed around in my seat and it is not very pleasant. It is very easy to come back and, rant and rave, but you know, I think the way we tackled it was a little bit more effective, it got the message over.' (Branch 4, Manager, SS)

However, there were penalties in place from the bank if the targets at the branch level were not achieved:

'Well they aren't pleased with you [if you don't meet your targets], are they, so it impacts then on our appraisals, you know, less than satisfactory... Well it affects our pay rise then.' (Branch 4, Manager, SS)

There was evidence from the staff interviews of the escape contingency (Widrick, 1988). That is the extent to which employees perceived that a punishment or aversive stimulus was present and the staff only performed in a minimally acceptable way to 'escape' or terminate the punishment:

'Just do the bare minimum, and do just as much as I need to get through it [the appraisal] because I am not going to get anything else out of it any way...' (Branch 4, Senior Customer Services Officer, LF)

Some of the staff also perceived that they were under-rewarded and unfairly treated in terms of rewards and recognition and distribution of workload:

'...I don't think that they give you enough incentives. Sales do, because the sales staff have incentives for holidays, for this, that, bonuses for everything. We have performance related pay as well on the service side, but what you have got to do is you have to look at how they make the marks up, you have got to be 100% just to get a C, which is average. So for you to get anywhere, you've got to be absolutely, you have to be doing the work of two, to get the bonus so, that is where I think it is slightly unfair. You are expected to be 100%.' (Branch 4, Senior Customer Services Officer, LF)

'May be, if you have one person who you can rely on and you know that they will get the job done, and you have a few other people that can do that job, he tends to give a lot of the work distributed between the people that will get more done, faster. Now that isn't necessarily fair...but you tend to do that, for the branches productivity, because you've got to have a person who can get through it, but it isn't necessarily fair to give them more, because you are playing on that person really...the others will catch on to this and not necessarily do their best, because they know it will be given to someone else...You need to train that other person up to their standard, not give more to the person that is best in the first place.' (Branch 4, Senior Customer Services Officer, LF)

Most of the goals and performance standards used in this branch were concerned with achieving sales targets for the branch and not with customer care. Although the qualitative scores for the effectiveness and ineffectiveness of goals as a means of controlling staff behaviour were evenly split, on closer examination it can be seen that all of the effectiveness scores were from the newly appointed customer services manager. Obviously she perceived that the goals and performance standards used, were an effective means of controlling staff behaviour:

‘I would say most things are measured. There is the speedbanks, the cash errors, we actually listen to [what] individual cashiers say to the customers and we give them feedback its in their appraisal so.’ (Branch 4, Customer Services Manager, EM)

However, the manager and one other member of staff did not believe this to be the case. The managers perceived that the measurement system was ineffective and that he didn’t make people as accountable as they should be:

‘I would say quite a few of the measurement systems they have in place ain't effective, they are customer manipulation I think, whether it be sales or whatever...I don't think they have ever come up with a fair and equitable measuring system that is reflective of every branch in this country...but you know, they change the thing every year so I don't think they are convinced that it has ever been right. They are continually changing it so.’ (Branch 4, Manager, SS)

‘...Down to myself I probably didn't sort of communicate areas of responsibility effectively enough and make people as accountable as they should be...’ (Branch 4, Manager, SS)

The following is a typical example of the way goals and performance standards were used in the branch and why staff perceived them as ineffective:

‘And we have another thing, I done a tick list on enquiries as well. So for every customer that you serve you tick, and there are three sections. And if you deal with them on enquiries, tick it, tick the dealt with tick box, and if you have re-booked them, you tick that one, and if you have referred them on to an interview bay you will tick that one, and again you are dealing with customers and as soon as you have finished with one you go on to the next and a few minutes later you will have a gap, and you think oh, how many customers did I see, oh I'll write four down, and you just tick it four times, but it is not really a true reflection on exactly how it is.’ (Branch 4, Customer Services Officer, SA)

Cohesion

There was only one comment regarding the level of cohesion in this branch and that was from the new customer services manager regarding how well the staff in the branch socialise:

‘There is a good atmosphere. They have a night out, a social night once a month, every pay day they go out which is good...’ (Branch 4, Customer Services Manager, EM)

Warmth and Support

The low morale in the branch was very much a symptom of the pressures and stresses that staff in the branch perceived they were under:

‘You get pressurised, you get stressed out and that leads to sickness, it didn't get that far in this case, but that would have been the next step. You get staff that are demotivated that will stay off because they can't be bothered, and then work becomes such a chore, and they do get stressed out through it as well.’ (Branch 4, Senior Customer Services Officer, LF)

Despite the low morale in the branch, staff spoke of a good atmosphere among the staff and how the staff got on quite well with each other:

...and that is another thing about this branch, all the staff are lovely, it is like, we all get on quite well.’ (Branch 4, Senior Customer Services Officer, LF)

Nearly all the staff spoke very highly of the manager. They liked his laid-back attitude and felt that he provided the staff with consideration, warmth and support and got on well with them:

‘...Steve is more of a no-blame culture person, fair enough if it had gone wrong, we know you didn't do it on purpose, lets not like dwell on it that fact that it has gone wrong, let's see how we are going to affect it, so it doesn't happen again. But in the past to make sure like so that in the future we can improve on that...’ (Branch 4, Senior Customer Services Officer, LF)

‘Steve is very good...we had one extremely busy first of the month... By 7pm I felt as though I needed a week in bed, and everyone was the same, so Steve when we shut the doors, I don't know, I think he actually brought cakes for everyone at lunchtime and he went around individually and said I would just like to thank you it has been a terrible day.’ (Branch 4, Senior Customer Services Officer, LF)

Warmth and support from head office was, however, perceived to be lacking:

‘But overall in the bank I don't think they, I think they expect too much to be done off your own back...’ (Branch 4, Senior Customer Services Officer, LF)

‘...it is probably a knock on effect from up above really, that if no one is praising you why should you go and do it to someone else. It becomes a permafrost somewhere, doesn't it.’ (Branch 4, Manager, SS)

Customer Care

The service quality in this branch was the worst of the whole sample. This was not only based on the employees' perceptions but also based on the independent mystery shopper results reported 3 weeks before the research took place at the branch. The mystery shopper results are reported out of 100%. On this occasion most of the branches across the network scored about 70%, there was then a gap with a few branches around 50% and then another larger gap with this branch's results at 32%. The worst score for the country. The manager said he had:

‘...squirmed around in my seat...’ (Branch 4, Manager, SS)

Interestingly, he seemed to quite readily accept the score, unlike his staff who felt it was grossly unfair and in some instances felt that it couldn’t possibly be right.

There was no genuine interest and care for customers evidenced in any of the interviews with the staff. The only positive comment regarding customer care came from the manager who recognised that not filling the cash point machines until the branch was closed was an inconvenience to the customer:

‘...we are trying to actually provide a service that the bank aren't prepared to do, in order that no one is inconvenienced...’ (Branch 4, Manager, SS)

While the staff appeared to know what they should be doing in terms of providing good customer service for the customers, they seemed to be unable to do what was required:

‘So...you have to give them the best deal and when they walk away they should feel as if they are the only customer you’ve seen that day, and I know, we’ve been mad busy and the queues to the door, but I don't do that, but I know what we should be doing.’ (Branch 4, Senior Customer Services Officer, LF)

A possible explanation offered by one member of staff, for the lack of focus on the customer, was how busy the branch was. It should, however, be noted that all six branches in the sample have approximately the same level of footfall. That is they are all more or less as busy as each other:

‘...With that mystery shopper if we had offered them an office, if we had shown them willingness to help by saying would you like to see someone now, or shall we re-book you, that is politeness, willingness to help show them into an office as privacy, and using the name, it creates a good impression, so all in all we should have been doing it, it is common sense but we obviously weren't doing it. We are that busy that it has just slipped our mind. It is not just one person deliberately being ignorant, or we hope it is not...when the going gets tough that is the first thing to go out the window is customer service.’ (Branch 4, Senior Customer Services Officer, LF)

The manager’s view, however, of this lack of focus on customer service was somewhat different. He believed that there was a ‘job’s worth attitude’ in the branch, or in other words ‘it is more than my job’s worth to do something out of the ordinary for the customer’ and that customer’s had become an inconvenience in the working day:

‘...you will always find wherever you go that it is very much a jobs worth attitude, sometimes, and my philosophy is you say yes, as long as (a) it is lawful, (b) it's within the bank policy...but we have too many people when someone asks them something and they will say, no, can't do that...’ (Branch 4, Manager, SS)

‘Then sometimes the customer becomes an inconvenience in your working day...’ (Branch 4, Manager, SS)

The manager's perception that the customer had become an inconvenience in the working day, was supported by one of the customer service officers and the new customer services manager:

‘...Most people if they are not seeing someone, will see someone, but if they...have got a build up of admin and there are occasions when they say, I have got to finish this, I have got to get this done, and so the customers get left...’ (Branch 4, Customer Services Officer, SA)

The customer services manager recounted her conversation with the receptionist as follows:

‘I asked him what his job was? And he said, I am on reception. I said what is your job role? He said I am a receptionist. But what do you do? Well I serve people. I said what is your objective? He said to get rid of them. So that wasn't quite the answer I was looking for, but from his point of view, he gets battered on there...and you can see why he wants to get rid of them, because there is sometimes a bigger queue for reception than what there is for the tills.’ (Branch 4, Customer Services Manager, EM)

The branch did, in fact, have a number of practices and procedures in place in an attempt to improve customer care for the branch, unfortunately these were not always perceived as effective by the branch staff:

‘...[We] are trying to work out how much the offices are used, and how much they are sort of empty [so that customers can be offered privacy], and supposedly when you go into an office...there is probably a sheet on here somewhere, you are supposed to write the time you came here somewhere, write the length of time you've been interviewed the length of time you've been doing admin work, and the time on the telephone, and put the times that you have been there, now as you can see today it hasn't been filled in. And that tends to happen a lot, so although we then start to try and put a few minutes here, and a few minutes there, at the end of the day it doesn't give us a total, a true reflection at all unfortunately.’ (Branch 4, Customer Services Officer, SA)

A lack of focus on training in the branch was also likely to have contributed to the poor service quality experienced by customers and the stress experienced by the employees. The feedback from the staff with respect to the training was fairly varied. Mostly it was considered that there was not enough training, with too little time being devoted to it. The training was thought to be mostly ineffective, although there were some comments that it was effective as well as flexible and interactive. The results were in fact very mixed. An example of how poor training contributed towards low retention rates and poor service quality for the branch was observed during the researcher's visit to the branch. This incident happened towards the end of the day when the researcher heard one of the customer service staff talking to a customer on the telephone. After a long and fairly heated discussion the member of staff said to the customer ‘well, it is your prerogative if you want to close all your accounts, goodbye’. He put the telephone down and went over to the cashier, handed her a piece of paper and said ‘you had better close that account then’. Although the details of what the call was about are not known, his tone of voice and manner on the telephone was not good and he made no attempt to resolve the situation with the customer. Normally the staff of this bank would have received training on how to deal with difficult situations and

how to manage calls effectively, either this member of staff had never received such training or he had and it had not been effective. Either way, this incident highlights how customers can be very easily lost through poor customer management.

Unfortunately, the TQM initiative in this branch was inactive and was no longer supported from within the branch:

‘It seems to have died off to be perfectly honest with you...’ (Branch 4, Customer Services Manager, EM)

The Starburst initiative, whilst considered to be active in the branch had only been revitalised in the past week since the new customer services manager arrived. Within the week, she had already put up weather charts in different parts of the branch. There were weather charts in the visitor’s area, the interview bays, one for the telephone, one for the reception area etc. A weather chart, is a chart with a pointer, which can be moved from sunny to cloudy, and stormy etc. The idea behind the chart is that the atmosphere in the branch is reflected on the weather chart. For example, if any member of staff thinks that everyone in the branch is in a happy mood someone will move the pointer to sunny and so forth. Staff and visitors (not customers) are invited to change the weather to reflect the atmosphere that they perceive in the branch on a given day. The researcher’s perception was that the atmosphere on the day the interviews took place was very cloudy.

The staff in the branch perceived that there was a fairly strong focus on sales practices and procedures in relation to customer care in the branch. All the noticeboards, for example, were covered in goals for new customers, mortgages and insurances, but there was nothing on them regarding customer service. Three members of staff, including the manager, discussed how focussing on sales practices and procedures in relation to customer care in the branch was detrimental to customers:

‘It is more sales management now, than bank management...On some of the fluffy skills like management, I don't think we practice, or are allowed to practice as effectively as we could be, or as we could do.’ (Branch 4, Manager, SS)

‘You get a couple who will say, oh not again, they say they have been asked every time they come in, and you just say fine, there is not a lot you can do, if you don't recognise them yourself, you don't know if they are getting asked all the time.’ (Branch 4, Customer Services Officer, BH)

Interestingly, it was only the recently appointed customer services manager who perceived that the focus on sales practices and procedures in relation to customer care in the branch impacted in a negative way on the staff attitudes and behaviour. Nobody else interviewed commented on it at all:

‘I had a cashier, who was an excellent cashier, absolutely brilliant with the customers, but felt that the pressure of having to refer was too much, and she had actually before I left, she has written in to the Customer Manager to see if he can transfer her to the customer service centre. Because she was worried about the pressures of it.’ (Branch 4, Customer Services Manager, EM)

This branch was the only low retaining branch in the sample not to experience any sales and service division in the branch. There were also no reported incidences of role conflict by the staff. Only the customer services manager and the manager expressed any concern about role conflict in dealing with customer care, selling and supervising:

‘...from being in the bank for 22 years you can see the changes, and it was very much a, you were there for the customer, and now perhaps with these sales objectives, and all the other objectives, you tend to sort of lose sight of why you are there...’ (Branch 4, Customer Services Manager, EM)

‘Me personally, I find it a bit of a conflict between selling and supervising, I think you can supervise adequately well without having to sell... But I do believe that if you want effective management that you shouldn't be having to, at the same token sort of, start selling as well...’ (Branch 4, Manager, SS)

The main concern for the members of staff interviewed (except the new customer services manager) was not role conflict in terms of selling and service or even having to sell, but that the focus on practices and procedures in relation to customer care in the branch impacted in a negative way on the attitude and behaviour of the staff. The poor mystery shopper results were a major reason for the negative responses from the staff:

‘They were surprised to say the least, not believing, because it wasn't just one point, or one thing, it was everything. And no one would do that, and you can't really believe that it has gone on to be honest... he might have a grudge about the bank or something, and thought, oh I'll set them off here.’ (Branch 4, Customer Services Officer, SA)

There was also evidence that the staff were not customer orientated in dealing with customers, particularly when there were problems that needed to be dealt with:

‘...but occasionally you see dealing with customers, and they are really trying to slag you off really at times, and have a go at you, and you can't be smiling and happy if they are having a go. And that annoys them even more. And you just have to stand and listen, you can't be smiling back at them, or, they are likely to throw you one.’ (Branch 4, Customer Services Officer, SA)

This lack of customer orientation was also evident in the customer retention practices in the branch. These practices were typically very mixed and there was no standard system for dealing with retaining customers or fostering customer loyalty. Customer retention in the branch was either not practiced or was dependent on the value of the customers to the branch:

‘...so if a person wants to close an account they should be interviewed. And it isn't happening at the moment, as much as it should be...’ (Branch 4, Customer Services Manager, EM)

‘...it depends on, what value the account has to us in fairness...’ (Branch 4, Manager, SS)

‘...If it is, you know, a satisfactory account then yes, then certainly I would go out of my way to resolve the complaint...But from time to time...there are those accounts

that...you think well fine...I am sorry it happens, yes, you will have to pay the charges, and they threaten to close their account then, so fine.’ (Branch 4, Customer Services Manager, EM)

One of the customer service officers spoke about the extent to which head office practices and procedures impact on customer care at the branch level. He spoke of the problems of head office not giving the staff time to prepare for the launching of new products or services:

‘... are you well prepared by marketing for the introduction of new products, or services? Basically they send them through...sent out one day, and the next day it is implemented so you get no sort of time to prepare at all...’ (Branch 4, Customer Services Officer, SA)

The customer services manager, on the other hand spoke of her frustrations of the bank investing heavily in TQM initiatives and then allowing them to fade away:

‘They spend a lot of money, they spend a lot of time on it, they put it into force, and in 12 months down the line will start to dwindle off...’ (Branch 4, Customer Services Officer, EM)

Summary of Branch 4

In summary, the manager of this branch adopted a laid-back approach to managing his staff. He wanted to be friends with the staff as well as their manager and to reward and recognise them in positive ways. He believed that one of his strengths was delegation, but unfortunately his staff saw this as abdication of responsibility. He had allowed his staff to manage themselves and as a result of this, his own staff acknowledged that he no longer knew what was going on in the branch. There was very little organisation in the branch and the staff perceived that they were not provided with clear guidelines of what was expected of them. The goals and performance standards, which were usually used to monitor staff and control staff behaviours, were not being effectively used in this branch. Also, the practices and procedures that were used in the branch in relation to customer care have typically had a negative impact on the attitude and behaviour of the staff. The staff also perceived that they have not been adequately trained to perform their jobs effectively and not surprisingly, perceived that they were under a lot of pressure with respect to their jobs. This has all undoubtedly contributed towards the poor mystery shopper results, the staff’s perception of poor overall service quality for the customers and the low customer retention rate.

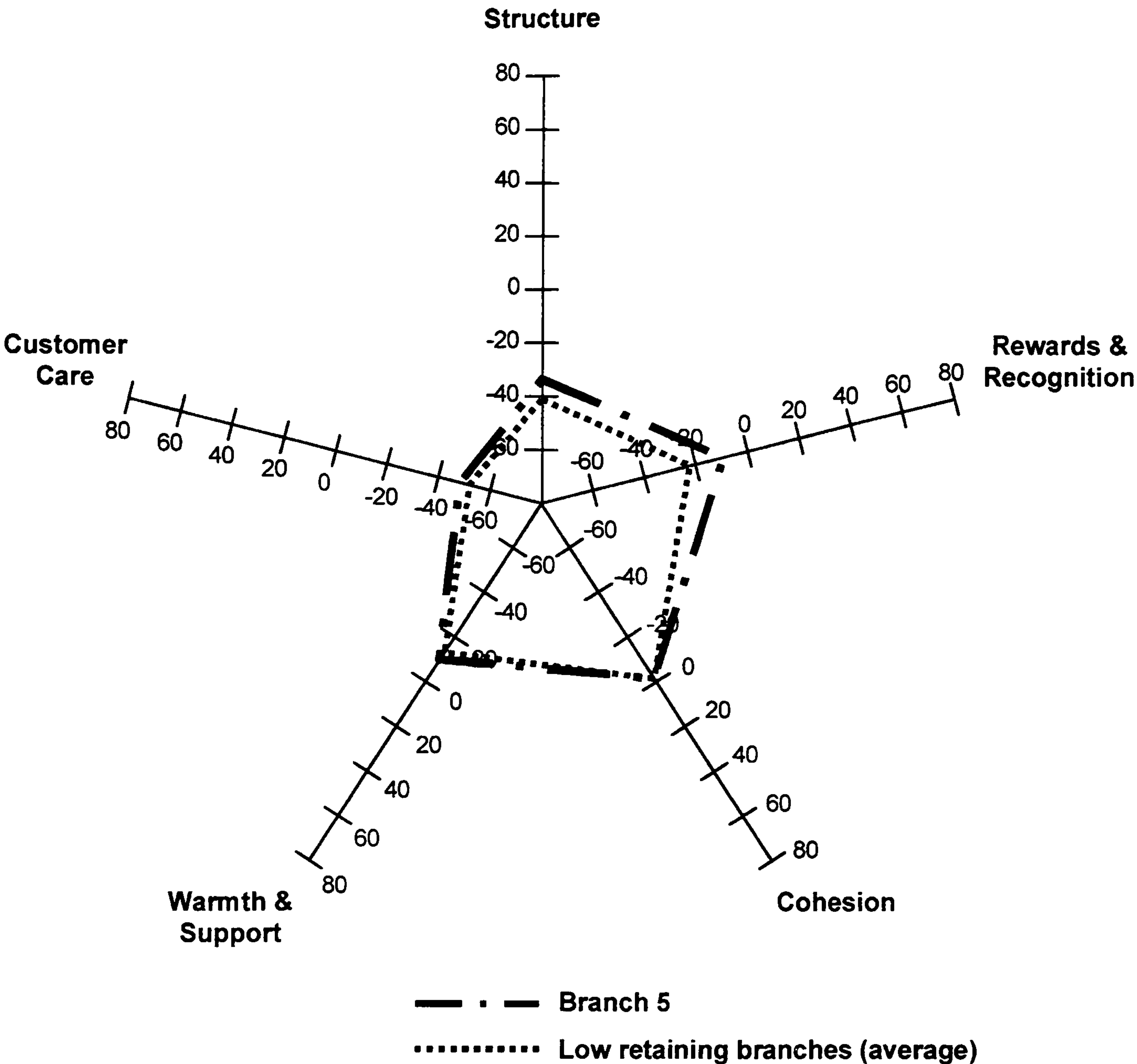
5.1.2 Low retaining Branch 5 – within-case analysis

Branch 5 has the second lowest customer retention rate (63.2%) of all the branches in the sample. It also has the lowest level of dormant accounts within the low retaining branches (10.7%) indicating that this branch has had more closed accounts in the last six months than any other branch in the sample (26.1% compared to an average of 21% for the low retaining branches). Although Branch 5 has 20 employees, the second highest number of employees in the sample, it also has by far the lowest number of accounts open and active after three years per employee. This branch manages only 85.6 accounts per employee as opposed to an average of 107.1 for the low retaining

branches, 171.1 for the high retaining branches and 139.1 for the sample as a whole. However, the staff do have the shortest average length of service when compared to the whole sample (6.8 years against an overall average of 9.7 years). This result reflects the fact that there have been three new members of staff who have been employed by the bank for between one and two years. This has brought the average length of service down for the branch, otherwise the average for this branch would be very much the same as for the other branches. The manager's length of service is roughly comparable to the other managers in the sample (19 years as opposed to an overall average of 21.2 years). The branch has one of the lower ratios for full-time to part-time staff in the sample, with approximately three full-time staff for every one part-time member of staff. Appendix C contains a full summary of this data plus other variables, which were taken into account when selecting Branch 5 in relation to the other branches in the study. Appendix I.5 provides a summary of the individuals whom took part in the semi-structured interviews.

The summary data for Branch 5 is shown in Appendix H together with the data for the other high and low retaining branches. An overall total score has been calculated for each of the climate themes in Appendix H. This was achieved by subtracting the scores for negative comments from the positive scores for each of the climate dimensions. These total scores are displayed at the end of each climate theme in Appendix H and then averaged across the three low retaining branches. Figure 5.2 displays the total scores in chart form for each of the key climate themes for Branch 5 and shows how typical the profile of Branch 5 is when compared to the average for other low retaining branches. It can be seen that Branch 5 has a very similar profile to the other low retaining branches in terms of 'cohesion', 'warmth and support' and 'customer care'. However, it has a higher rating than the other low retaining branches for 'structure' and 'rewards and recognition'. A review is now made of each of the five climate themes and dimensions.

Figure 5.2: Key climate themes for Branch 5 in comparison with the average for the low retaining branches



Structure

The manager of this branch whilst perceiving that he had very little autonomy about how to respond with respect to work procedures, goals and priorities, had nonetheless made some changes regarding the organisation structure of the branch. The sales and service activities of the branch were still managed separately, as they were in other branches. However, the roles and responsibilities of the people concerned had changed quite significantly. According to the manager:

‘...we operate in an unusual staffing structure where the people aren't doing the jobs they are supposed to be doing...If I can explain exactly what we are doing! The sales team leader who should be running the sales team is concentrating just on selling himself. So I have taken away all his responsibilities with regard to observations...training, control of staff, covering of paper etc., and I have passed that on to my assistant manager who is doing that role very, very effectively. And the reason I did that is because the way the job was structured for the sales team leader it

wasn't possible for the job to be done within the time available, especially as in this particular job...So basically I took away his management responsibilities and said right you are just a seller. That's your job. Your job is to achieve x results, which he is now doing. Now I have taken the assistant manager who is a very skilled seller herself, who is just doing an admin. role which is a waste of her skills, and put her into the cluster sales team leadership role without the selling. And she now spends a lot of time training, coaching and interviewing herself, because she is actually a very skilled interviewer herself, and control of the administration paperwork which there is a lot of this...Covering her job, I have...a chief clerk...and she runs the service side of the job. ...But I have virtually got everybody doing jobs that they shouldn't be doing.' (Branch 5, Manager, JN)

This split between the sales and service staff was very pronounced in this branch and did have a negative impact on the staff at the branch:

'...we have the service staff and sales staff, so they have their own pay structures, their own rules, and different contracts...' (Branch 5, Senior Customer Services Officer, DS)

'...if the sales staff haven't had any referrals all day, well they are not going to love the service staff, are they. Or if, we check all their admin. and we are kicking it back because it is wrong, we don't like them either...' (Branch 5, Customer Services Officer, CS)

Despite the manager's perceived lack of autonomy, he had given quite a lot of autonomy to his staff. Unfortunately, even though the staff had this high level of autonomy they did not perceive that they had clarity about their job roles, their responsibilities or even about how they were rewarded. Basically the staff were not sure what was expected of them or what they should be doing. This was possibly due to the unusual organisation structure, poor communication between the managers and staff, poor training and/or a lack of organisation by the manager and his laid-back approach. The staff felt that their manager had abdicated responsibility to his staff and showed no interest in helping them with problems or issues when they arose:

'...problems crop up all the time...But whenever there is a problem and you know, we both sort of hold our hands up in the air, and say, why won't you sort this out, why won't you get involved. It's more the case, of look, you are my deputies, you sort it out, but there will be occasions when the two of us want someone else higher to take the overall responsibility for it.' (Branch 5, Assistant Manager, JD)

'It is a sort of grey area? I don't think I'm officially supposed to, but if John says to me if you consider the case, he will take my word, if I have discussed it, and I feel there is some partial refund or full refund, then he is quite happy for me to authorise it, and then he signs it.' (Branch 5, Senior Customer Services Officer, DS)

The impact of a lack of communication and poor organisation on customer service was personally observed whilst visiting the branch and a number of poignant examples documented. Firstly, the researcher's appointment with the manager started at 10.30am and was due to last for one hour. At 11.30am a member of his staff telephoned to remind him that his 11am appointment had been waiting for him for the last half an hour. The manager had not only made a mistake allowing two

appointments to clash, (despite telephoning him the previous week to remind him that the interview lasted for an hour) but had also completely forgotten his appointment was waiting for him. This certainly points to his own lack of personal organisation, which was also commented on in interviews with other members of staff in the branch:

‘All men are admin. nightmares, aren't they. It's just not him [the manager], it's the male species are nightmares where admin is concerned.’ (Branch 5, Customer Services Officer, CS)

‘Administration. A bit of a nightmare on his administration. He is dreadful at organising his work.’ (Branch 5, Senior Customer Services Officer, DS)

The staff also commented on the manager's poor communication skills, although he was considered to be friendly and approachable:

‘...I think his [the manager] biggest weakness is probably on the communication side, and just talking with the rest of staff about things that will affect everybody.’ (Branch 5, Customer Services Officer, MD)

‘He is not a strict manager, so he is friendly enough, we are not too frightened to go in and speak to him anything like that, his door is always open.’ (Branch 5, Senior Customer Services Officer, DS)

The second example shows how poor preparation and communication can impact on customer service. On arrival at the branch the researcher had to wait in the reception area before going through to the back offices. Two other people who had appointments with members of staff were also waiting when the assistant manager came out to the waiting area and said, ‘now which one of you wants to pay off their loan’. One of the gentlemen jumped up looking somewhat embarrassed at having his personal affairs commented on in public and the remaining man also looked embarrassed on his behalf. Finally, as the day progressed it became apparent that the staff were not very organised for the visit. This was despite previous telephone calls and a letter outlining how the day should be organised. The researcher was left waiting for people on a number of occasions.

The manager recognised that he could do more to improve communication if he was seen out of his office talking to the staff. However, he felt there was not much point in doing so as the staff were always with the customers:

‘I don't think most of them understand what the manager's job is, and I am trying to shield most of them from the day to day rubbish that hits my desk. Now, I know they prefer to see me out there, walking the patch a lot more than I am able to do, and it is something that I have always got on the back of my mind. I have got to get out there to talk to my staff, but when I get out there of course, I can't talk to anybody because they have always got customers in front of them, so...’ (Branch 5, Manager, JN)

The manager commented on the stress he was under:

‘...A couple of them [the staff] thought I was a bit stressed. Which is true enough, I suffered from stress a couple of times, not badly but, I mean, I recognise the

symptoms, which is part of the way of dealing with it of course.’ (Branch 5, Manager, JN)

The staff also noticed this and felt that he was under a lot of pressure in his job:

‘...He [the manager] is under a lot of pressure, if you took say 5% of our pressure off him, he would be a totally different person. He is, he could be good, as a man manager.’ (Branch 5, Customer Services Officer, CS)

Unfortunately, probably due to the pressure that the manager was under, he changed his style of management with the staff from being participative one minute to autocratic and domineering the next. This must have inevitably led to staff feeling unsure about their relationship with the manager and also feeling pressured and stressed themselves:

‘...I feel that I am crisis managing now at the time, because the way you plan, tends to get blown away by impossibly short time scales, or by customer demands. I would like to think that I use a useful participant style, as much as possible...It depends on what is required to be done, sometimes I will be very autocratic and very domineering, and other times I will be very much the opposite, and be understanding and allow input, but it depends on what has to be done.’ (Branch 5, Manager, JN)

This branch, in fact, had the highest level of reported pressure in the whole sample. As well as the manager, both the customer service staff and the sales staff were finding it difficult to cope with the demands that were placed upon them:

‘...And it is just a nightmare, and it is like we try to say to someone if the phone is not answered within four rings there is nobody free. Don't carry on ringing, because it sounds horrendous downstairs, it does, so we just cut them off. Because you just get that you can't cope with it, you know it drives you mad, the thing, you are trying to talk to somebody and the phone beside just keeps ringing, and the phone is the real problem, a really big problem.’ (Branch 5, Customer Services Officer, CS)

‘...it's not a big salary for the, I feel, the pressures that are there...you tend to attract the youngsters for that sort of salary...you are not getting experienced sales staff.’ (Branch 5, Assistant Manager, JD)

The manager acknowledged that he pressurised the sales staff to achieve their targets:

‘...the sellers are under continual pressure and that's from me, I don't deny it, and I don't apologise for it, it is my job, to keep them under pressure, and they work a lot longer hours, they forego their lunch breaks and...don't finish until 8 pm...’ (Branch 5, Manager, JN)

However, the pressures that the sales staff were under were not helped by the fact that they were not given a true picture of what the sales job was like before they joined the bank:

‘Sometimes you get people wanting to go on the [sales] programme from your existing staff, but I think that is becoming, that isn't happening so much now, because there are immense pressures in the job. And I think everybody can see that, who are already

here, and the other problem we get is that we get people join us from outside and aren't given, I don't feel a true picture of what the job actually is going to be all about and so therefore, we have problems with them. In that they require a lot of work, a lot of training, and they don't feel that they are given the support, the help, the encouragement and then the true picture if we are honest.' (Branch 5, Assistant Manager, JD)

Rewards and Recognition

Although the manager of this branch felt unappreciated and unrewarded by his manager he felt he treated his staff fairly. However, his team did not confirm this. Only one member of staff in this branch reported feeling fairly treated in terms of recognition, rewards and appreciation. What was more of an issue for the staff was their perception that they were under-rewarded in terms of rewards, recognition and appreciation for the jobs that they did:

'No [I don't think people feel rewarded and appreciated]. I think that's the biggest downfall of the bank.' (Branch 5, Customer Services Officer, CS)

'...what we expect of the sellers of the branch advisors...we pay them...derisory wage for doing that. And they could go any where else and almost double their money...' (Branch 5, Manager, JN)

'...we are expected to work overtime, un-paid, I am not talking about management, but particularly the other staff, and the overtime budgets are minuscule and are wiped out in no time at all. So, to get the work done we are expected to push our staff to work for nothing. If you like.' (Branch 5, Manager, JN)

The manager received little praise from his manager who mostly focused on where improvements should be made:

'The bank is always looking for more and more, and more. And my boss comes out, he will spend 30 seconds saying well done, and the next five hours saying that's where we have gone wrong. And that is not an exaggeration...I think the nature of the job is that it will focus on shortfalls...' (Branch 5, Manager, JN)

The assistant manager also provided her staff with negative feedback and punished them when things were not done the way she would like them to be done:

'I'm quite a forceful person, and I think generally I am pretty well liked in the branch, but they don't always like my style of doing things, like if I'm not happy with the way something is being done, then that person will be told, and where as sometimes the manner in which I tell them may be what I call, aggressive, maybe, I don't harbour grudges...it's said, it is not acceptable, put it right, get it sorted, that person will go away moaning...And Claire feels that I'm much too hard on staff. But I am too aggressive and domineering about people you see.' (Branch 5, Assistant Manager, JD)

The staff also perceived that they were often completely ignored in terms of praise and appreciation:

‘...we had an inspection on Monday and we got 145% out of 160%, which I think is a pretty good score. And he [the manager] hasn't been around to like, congratulate all the staff yet, and I'm not impressed with that.’ (Branch 5, Customer Services Officer, CS)

‘In serving customers you don't get any feed-back from management, you know...unless someone writes in and says a particular person has good service...no one would come and say you have done really well today...’ (Branch 5, Senior Customer Services Officer, DS)

Despite the autonomy provided to the staff, goals and performance standards, including monitoring of staff, were never the less used as an effective means of controlling staff behaviour. Most of the goals and performance standards used in this branch were concerned with achieving sales targets for the branch although there were some used for customer care:

‘...you know the hierarchy would hate you for saying it because they shout this message from, loud hailer, customer service, but at the end of the day, if we don't sell that is the biggest crime, you know really. If you are in a sales job in this bank and you don't perform, your job is hell. And there is no doubt about it at all, you are really made to suffer.’ (Branch 5, Assistant Manager, JD)

‘...Wham bang, after three months [in selling]...you have got to sell this, you've got to sell that, you have got to hit this target, you're not doing 45 interviews a week, that is unacceptable, you will be on an improvement plan... An improvement plan, it can be used in two ways, as a training and development tool or as a disciplinary. In a disciplinary you see, you have failed. In the improvement plan which can literally be set to be so hard that you can't achieve it, and then it will be a written warning or you know... out the back door.’ (Branch 5, Assistant Manager, JD)

Referring to the effectiveness of the observation system in helping with customer service:

‘Yes it is [effective]. Especially, now that it is really tied into appraisals. Very, very tight, you can only have so many ‘approaching’ or ‘tendency to’ before you are really going down on your appraisals, and we give them a chance with different people to do it, and tell me they have to be very objective, you know, it's not the friends there, don't bother marking them up, because we check it afterwards and we will know anyway. But we find they are harder than we are actually.’ (Branch 5, Customer Services Officer, CS)

Cohesion

There were very few comments from the staff regarding the level of cohesion in the branch. The branch was considered to be too big and busy to enable the staff to socialise and spend time with each other (It should be noted that all the branches in the sample were similar sizes and designs to each other):

‘... With regard to the branch as a whole, then no it is too big and too spread out and there is not enough time [too busy]...I mean there will be some members of staff, that I probably don't speak to, more than to say hello and goodbye to a couple of times a week. And I don't like that...’ (Branch 5, Assistant Manager, JD)

‘...it is not as it was, we haven't got the time to play as we used to...probably because people are in and out a little bit more, and we haven't really got the time, and there aren't the evenings to, there are no evenings, well by the time you have left the branch the evening has gone’ (Branch 5, Manager, JN)

However, there were other examples of members of staff who did feel that there was a good atmosphere in the branch:

‘I think it is above average. I have been in some branches and you think I don't want to come back here. You feel the chill factor as soon as you walk through the door. But yes, we sort of go out occasionally on evenings and sort of mingle together, so it is quite a good atmosphere here...’ (Branch 5, Customer Services Officer, MD)

Warmth and Support

Although low morale was only specifically commented on twice and high morale was mentioned once, low morale was nonetheless very much reflected through the climate themes and dimensions that have been previously discussed. The overall impression received from visiting the branch was that the staff and particularly the manager were not happy and that morale was very low indeed:

‘Well, if you like your job, and you are happy in your job and if you have the support of your superiors and that, then you know, customer service is automatic isn't it... And I think when you have got people that are fairly demotivated, and fairly under pressure, don't feel they necessarily get support and recognition, then that can have a huge impact on customer service. Because it basically won't happen...’ (Branch 5, Assistant Manager, JD)

The level of warmth and support among the staff and the extent to which they got on with each other was variable in the branch. For example, the sales and service managers didn't get on with each other, which inevitably must have had some impact on the staff:

‘Well, you know the manager has to delegate the complete running of the branch to myself and Claire. Claire and I have completely different work ethics...we can work together, we have very different jobs, so it tends to work ok, but my honest opinion is that if I can get through the whole day and not have to deal personally with Claire then it is a better atmosphere in the branch...’ (Branch 5, Assistant Manager, JD)

The lack of consideration, warmth and support from the managers in this branch was lower than any of the other branches in the sample. All of the staff also perceived that the manager and assistant manager were weak at providing the staff with consideration, warmth and support. During interviews with the staff, the manager was criticised on a number of occasions for staying in his office too much and not going out to speak to the staff and show an interest in them. The staff generally felt that by allowing them so much autonomy in their job roles that the manager had abdicated responsibility to his staff. He didn't want to know about their problems and showed no interest in helping his staff sort out issues that cropped up from time to time:

‘...we have lots of different ideas on the way that things should be done, but that is, you know, the manager can't be bothered with any of that, you know. That's not his problem, he doesn't want to have to meet with us on a regular basis and discuss problems that we might have...’ (Branch 5, Assistant Manager, JD)

‘Too laid back, very laid back...but in terms of support for the rest of the staff, support for the team is lacking, I don't think that [the manager] is a man manager, he is a very strong individual, but he is not a man manager. I don't think he can gel a team...He leaves too many situations until they are intolerable, before he will want to get stuck in sort of thing...’ (Branch 5, Assistant Manager, JD)

The manager himself recognised that he didn't support his staff as much as he ought to and even thought that if he did support and reward his staff he may not get more out of them:

‘No I don't and I don't support them as much as I ought to, I know that...I need to get out and talk to them regularly, but they, but the job is as such that it is very difficult to do that...and it sounds like an excuse, which it really isn't.’ (Branch 5, Manager, JN)

‘Again, as a person I spend more time, talking about shortfalls, than I do about achievements. But of course, the bank is you never hit the standards that they want, the bank wants 100% and you never quite make it. I mean, so I don't think I do support them enough, but if I did congratulate them and reward them for the good work that they did then there is a fair chance I wouldn't be able to get more out of them, you know, it could be complacency, to think I've done enough. And the bank wants more.’ (Branch 5, Manager, JN)

Staff in this branch perceived that head office did not provide branch staff with consideration, warmth and support and the staff no longer trusted what head office will do:

‘...I think there is certainly a very large feeling of insecurity now, and I don't think there is a whole lot of trust, and the bank has fibbed if you like on so many occasions that the staff don't trust it any more to actually tell us the truth about what's going on.’ (Branch 5, Manager, JN)

‘...the people who work in Head Office are sympathetic to the problems of the branch? They are definitely not, they have no idea, and that is so strongly not true that it is incredible.’ (Branch 5, Manager, JN)

Customer Care

In this branch, there was a general lack of focus on the customer with the staff perceiving that there was a low interest in and care for the customers. The staff only seemed to do what was required of them to meet their own internal targets and no more:

‘The mystery shoppers and our own internal controls that are done by other managers that visit and do a check every quarter. And we know what, we have a customer care guide that we have to read every month, which lists out standards for phone answering and like tidiness, and cash point card performance, so that is read regularly and re-

visited regularly. So we know what the targets are for the branches.’ (Branch 5, Senior Customer Services Officer, DS)

There was no evidence from the interviews that the staff were genuinely interested in the customers or went out of their way to serve them. As previously described, customers were left waiting for appointments and not treated with much respect. This lack of service in the branch was reflected in the low mystery shopping scores for the branch:

‘71% [mystery shopping score]. Which is really bad for us...’ (Branch 5, Customer Services Officer, CS)

‘...this time...it looks like we really fouled up [referring to the mystery shopper scores] because it is now presented in a new format which actually says what went wrong. And we kept somebody waiting for two minutes without speaking to them, and there was other people available, which I find incredible because we don't do that, it is not how we normally operate, so. But that is what we did wrong, and of course, we got slagged off on all different sorts of areas. Because it started from there and of course that means that we weren't paying full attention to the customer, and we didn't give them quick privacy and it just got worse and worse until it was a total disaster.’ (Branch 5, Manager, JN)

‘Up until the most recent ones quite poor... We usually get caught for privacy, and that is our, that is our bug bear, we never seem to get that one right...we nearly always get caught for that one.’ (Branch 5, Manager, JN)

The assistant manager and the manager were the only two members of staff to comment on training in the branch. The manager perceived that the training that was undertaken at the branch was effective, but didn't comment on whether or not there was enough training. The assistant manager, however, perceived that there wasn't enough training done in the branch and that there wasn't enough time spent on it. The staff have, however, all attended the TQM and Starburst training programmes that were introduced to the bank over the last three years. These initiatives were supposed to be actively ongoing at all the branches in the network. It was intended that these programmes should help staff have a greater understanding of their job role and the ongoing quality improvements that they can make at the branch. As a result of these programmes the staff were also encouraged to become more aware of their behaviour and its impact on other members of staff as well as the external customer.

Unfortunately, the TQM initiative at this branch was inactive and considered to be ineffective in improving service quality at the branch:

‘Died a death I think.’ [the TQM programme] (Branch 5, Customer Services Officer, CS)

The Starburst initiative, whilst considered to be active in the branch, was thought to be ineffective:

‘...I think it was more a gimmick than a useful piece of apparatus.’ (Branch 5, Customer Services Officer, MD)

‘The principles are right, but I don't see how you can ever offer this wonderful sunny service when half the time the branch is struggling to cope with the job load, not having enough staff. You know, when you are under pressure, and you are fighting to control the queue length or an enquiries desk that is inundated I don't see how you can smile your way through it day in day out, and pretend that life is wonderful because we are all human at the end of the day, you know. And there are days when you, all you want to do is put a big closed sign up, hide behind it and let everyone else get on with it.’ (Branch 5, Assistant Manager, JD)

All the members of staff interviewed, including the manager and the assistant manager supported these views. The manager, however, was particularly vociferous in his condemnation of the TQM and Starburst initiatives:

‘Yesterday’s news I think. The bank is full of quick fixers and nobody is really interested any more. TQM is like, 5 years ago, we each had to do a personal development plans for the coming year, and it had to be something that wasn't cut back, so I studied TQM in far more depth than the bank did, and I looked at IPM and how they dealt with it, and I read extra books on it, so TQM is actually, it is actually a very interesting subject, it is doomed to fail, but it is a very interesting subject.’ (Branch 5, Manager, JN)

As well as believing that the Starburst programme had no impact on customer service, the manager also had this to say:

‘The Starburst thing, well. What can I say, I find that almost insulting to be honest the Starburst thing. The principles are good, but of course, in my opinion it is not good enough to say to the customer thank you for waiting, and you have kept them waiting for 10 minutes because we haven’t sufficient staff, it isn't good enough. No. The bank thinks that's good enough obviously, I disagree with them. That is what it's all about, trying to paper over the shortfalls in the banking system by being Starbursty... It's pitched at a very low intelligence level and to be fair, we are actually quite, I have a really good team here and they didn't need Starburst training, and if you don't need it, it’s an insult. I don't think you are going to make a Starburst person out of a person that is miserable. You know, you have really got to find something else for them to do, and you can't change peoples’ thought personalities just by sending them on a one day Starburst course, where you all stand up and go Starburst 10. You know, I don't like that. Call me cynical if you like...’ (Branch 5, Manager, JN)

From the observations made at the branch there was no evidence of the TQM programme. There were no posters on the walls in the staff rooms or corridors and no suggestion boards or boxes. In fact, no attempt was being made to capture any staff ideas for how to improve service quality. There was, however, some evidence of the Starburst initiative. In one of the corridors the staff had made a weather chart with a pointer which could be moved from sunny, to cloudy and stormy etc. As previously discussed (see Section 5.1.1, ‘Customer care’) the idea behind the chart is that the atmosphere in the branch is reflected on the weather chart. While the researcher was at the branch the pointer was on cloudy. It transpired that one of the sales people had pointed it in that direction. As soon as this was spotted by one of the supervisors she moved it back to sunny. The researcher’s perception was that cloudy was about right and that moving the pointer to sunny was more an act of wishful thinking, rather than a

true reflection of the atmosphere. So whilst the Starburst initiative was active, the staff were not using it in appropriate way to try and change behaviours.

Whilst this branch had the strongest sales orientation out of all the low retaining branches, this focus on sales practices and procedures in the branch did not appear to lead to role conflict and had only a very small impact on the attitude and behaviour of the staff. This indicates that the staff did not feel torn in different directions regarding selling and providing customer service, but were quite happy to focus on selling:

‘...I think they are quite comfortable to deal with it [selling], because they know that if a customer does go for a credit card transfer it is saving them money anyway. So it is for the benefit of the customer, it is just not the case of push the banks figures up, it does save the customer money.’ (Branch 5, Customer Services Officer, MD)

There were, however, concerns that the bank was too focussed on selling activities and that this was ignoring other strengths that people had and was negatively impacting on the attitude and behaviour of staff:

‘The bank position I feel at the moment is that they will reward a good sales performance and the rest of it comes second to that. I mean, there are people in the bank that have got no sales inclinations, or possibly sales abilities whatsoever, however, to say that they are not extremely valuable staff, you know, we have got 100's of extremely valuable staff in the bank, that probably largely go unrecognised for their particular skills.’ (Branch 5, Assistant Manager, JD)

‘The people who have come in lately...it is part of what's expected...they are used to, it is part of their job...But people who have been here longer, they find it difficult, particularly if you know a customer and you have got to send them over, and then they come back, and they say I didn't want to waste my time like that. It is quite difficult to do. However easy they say the word pattern is to do it, it is quite difficult to do, and if you have a lot of people in a line you just are thinking of getting rid of the line, rather than thinking ahead, and thinking well, that person could be referred on, but that means for a couple minutes, I am going to get him referred and get someone, and that queue is going to get longer. But we all know we have to do it. It is expected now.’ (Branch 5, Senior Customer Services Officer, DS)

‘I live or die by the sales performance. If I perform badly I will be out of here in three months. There is no doubt in my mind about that.’ (Branch 5, Manager, JN)

The manager's reaction to the customer retention policy in the bank was typical of how the branch staff did only what they were measured and rewarded for:

‘...retaining existing customers at the expense of bring in new customers. That is true, I mean mortgages is the classic example, we are not targeted to retain mortgages at all. You know a branch has got a £15 million worth of existing mortgages on its books and they all could go elsewhere tomorrow, it wouldn't affect me one little bit, it affects the bank a heck of a lot. I can spend any, an hours interview with some one retaining that mortgage business restructuring it something like that, but get no recognition for that, that is wrong, if that is happening across the whole of the country. We are losing a lot of business that we needn't be, but of course we are measured on new business being written.’ (Branch 5, Manager, JN)

As retaining customers was not a priority in the branch it was not surprising that the staff had a poor attitude to customer complaints and threats of account closure:

‘One of the classic ones is refund my charge or I'll close my account, and when they give me an ultimatum like that, you feel like saying, you close your account it is entirely up to you. Because at the end of the day, if you refunded this time, next month they will come in and say, refund my charge or I'll close my account, or you refunded it last month, I want it refunded this month. So you just end up creating more work in the future. So you look at each account on it's own merits...’ (Branch 5, Customer Services Officer, MD)

Any member of staff in this branch had the authority to close an account as long as it was in credit. When asked if the manager or the assistant manager looked through the requests for closure the reply was:

‘No. They are just closed. Anyone can close an account, because it is just simply tapping on the system and that will do it...and then just issue them with a cheque or cash whatever they want.’ (Branch 5, Customer Services Officer, MD)

However, if there was a debit balance, the staff were not allowed to close the account:

‘If there is a negative balance we would not be able to close it, we would tell the customer he has to pay in X amount, before we can do that.’

The manager of Branch 5 spoke at length about head office practices and procedures and the negative impact that they have on customer care at the branch level. For example, he spoke of the problems of getting good staff, as head office organise the placement of staff between the branches:

‘You can not believe how frustrating it is. You get given somebody and you are told right this is your seller...they are the bees knees they're the best thing since sliced bread, they come in and they are useless. But you can't get rid of them. I mean, I had a situation a year ago, where I had a seller given to me who turned out to be quite seriously dyslexic, now I have no problem with him as a person, but his dyslexia was a problem because we couldn't understand the notes on the computer system...the documentation was always appalling, he was required to take Financial Planning One exam, and he spent the whole of his holiday entitlement for the year studying for it. And still failed. He wasn't a stupid person, but he obviously had this problem if you like, now the only thing I could do was say look you are in the wrong job, you are not going to make it. Goodbye. And he acknowledged that, and he went on to pastures new, but then he wasn't replaced for six months. Now even though he wasn't very good, he was better than nothing.’ (Branch 5, Manager, JN)

He also spoke of the problems of head office not giving the staff time to prepare for the launch of new products or services and the impact that it has on customer service:

‘... We are not well prepared for introduction of new products and services, a classic example of that, was this week, in the Sunday papers there was an advertisement showing an additional 2% discount on our personal loan rates, we received the marketing support on Wednesday... Not good. That is not very helpful, and something as

important as that, and on the Monday, Tuesday, we actually did two loans at the wrong rate for those customers, [they] pick up that we have messed up, and I say we as a Bank have messed up, then we have two potential complaints, two dissatisfied customers, through a head office foul up.’ (Branch 5, Manager, JN)

Summary of Branch 5

In summary, despite the high level of autonomy experienced by the staff in this branch, the staff perceived that they had very little clarity about their job roles and responsibilities. This was possibly due to poor communication between the managers and staff, poor training and the lack of organisation by the manager and his laid-back approach. The staff felt that their manager had abdicated responsibility to his staff and showed no interest in helping them with problems or issues when they arose. Although the staff were unsure of what was expected from them they were nonetheless expected to achieve goals and performance standards which were mostly concerned with achieving sales targets for the branch and not with customer care. The staff felt the managers did not support them and they were under-rewarded and punished for their behaviours. Not surprisingly, there was a lack of genuine interest and care for the customers in the branch and the staff perceived that they and other members of staff were under a lot of pressure with respect to their jobs. The staff in this branch were in fact the most pressured of all the staff in the whole sample.

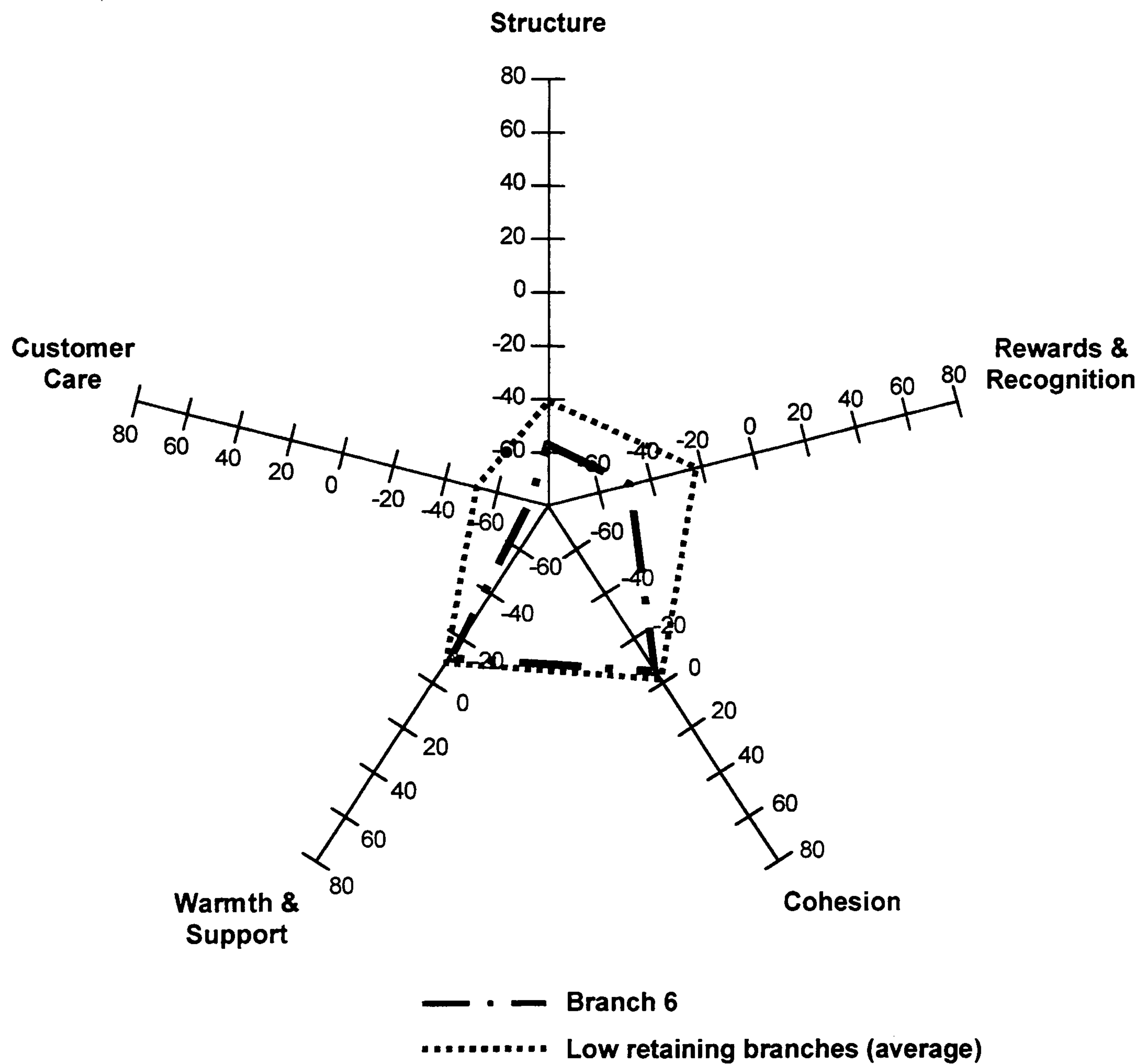
5.1.3 Low retaining Branch 6 – within-case analysis

Branch 6 has the lowest customer retention rate (62.4%) of all the branches in the sample and the highest level of dormant accounts (19.4%). Although Branch 6 has 16 members of staff against an average of 17.8 for the whole sample, the staff were in fact very experienced with an average length of service of 10.7 years, higher than the average of 9.7 for the sample. The branch manager was also the most experienced of all the managers in the whole sample, with 28 years of service compared to an average of 21.2 years. The staff had fewer accounts to service than some of the other branches, with 144.2 accounts per employee to manage, as opposed to the highest retaining branch (Branch 1) which had 236.8 accounts per employee to manage. The branch had one of the lower ratios for full-time to part-time staff in the sample, with approximately three full-time staff for every one part-time employee. The average age of the employees was the oldest in the sample at 35.6 years as against an average of 31.9 for the sample as a whole. Appendix C contains a full summary of this data plus other variables, which were taken into account when selecting Branch 6 in relation to the other branches in the study. Appendix I.6 provides a summary of the individuals whom took part in the semi-structured interviews.

The summary data for Branch 6 is shown in Appendix H together with the data for the other high and low retaining branches. An overall total score has been calculated for each of the climate themes in Appendix H. This was achieved by subtracting the scores for negative comments from the positive scores for each of the climate dimensions. These total scores are displayed at the end of each climate theme in Appendix H and then averaged across the three low retaining branches. Figure 5.3 displays the total scores in chart form for each of the key climate themes for Branch 6 and shows how typical the profile of Branch 6 is when compared to the average for other low retaining

branches. It can be seen that Branch 6 has a very similar profile to the other low retaining branches in terms of ‘cohesion’ and ‘warmth and support’. However, it has a lower rating than the other low retaining branches for ‘structure’, ‘rewards and recognition’ and ‘customer care’. A review is now made of each of the five climate themes and dimensions.

Figure 5.3: Key climate themes for Branch 6 in comparison with the average for the low retaining branches



Structure

In this branch, the sales and service people and activities are managed separately. The branch manager has responsibility for the sales side and the assistant branch manager, whilst reporting to the manager, has responsibility for customer service:

‘...you are always going to have a division in the branch now with the service and the sales, because the sales that are targeted at specific things, and if they are not going to get points towards their target, they probably won't want to help. And that has an impact on customer service, because say for example, the savings and investment advisor is targeted for a specific number of points for his target, and if he is referred something that is not going to get him much points then they are not going to see the person because it is no benefit to him...Some have that mentality...’ (Branch 6, Assistant Manager Service, IL)

‘...he [the manager] just seems that he's... not concerned with anything day to day in the branch. He is concerned with his targets of the branch, which are important, but I think if you have got to sort of take everything on board if you are going to manage a branch, you can't just say, I am going to deal mostly with sales, because that's what I need to get my targets. He has got to make himself accessible because otherwise, this is where the leads come from, the bottom end, where the cashiers are...he has got to say yes, I know you are playing your part as well...’ (Branch 6, Customer Services Officer, CM)

The style of management operated in this branch was very controlling (see ‘Rewards and recognition’ below) and was reflected in the reliance on rules and procedures in this branch, and the low level of autonomy which the staff perceived they had with respect to work procedures, goals and priorities:

‘...that was on the report...Robotic work, well I mean, I find it very intimidating to be told what to say, because I can be polite to people, I don't have to be told what to say to a person, so obviously we try and tell them, being told what to do, it will in effect come out robotic, because you are being told what to do. Instead of acting naturally. And that's what went amiss. That is what he said went amiss, and wasn't a natural smile, it was coming across as totally false. But I think if they left people alone, we are not going to sort of come up and go oh no, you know, it's a natural thing to greet customers, and that is something that we have always done. So I think that is a big fault what the bank has done, to impose these strict greetings. Because it is very robotic.’ (Branch 6, Customer Services Officer, IM)

‘...but if you...want to do something really excellent for a customer it is not [allowed], you are not appraised on it, because it falls out of the set guidelines, and the guidelines really aren't, you can't bend them, I don't know if bend is the right word, but they are set, and you have to follow those’ (Branch 6, Assistant Manager Service, IL)

In contrast to the manager, the assistant branch manager did try to provide his staff with a certain level of autonomy:

‘I am probably laid back, I am not one who jumps on people, if they do something wrong I would much rather let my staff use their own initiative, rather than coming and asking me all the time. And if they do come and ask me, I try and turn it out, and get them to start thinking for themselves. And I am quite happy to ask people to do things as opposed to telling them.’ (Branch 6, Assistant Manager Service, IL)

Unfortunately, this autonomy was not perceived by the staff. They felt they would prefer to have clearer guide lines in terms of what was expected from them and that they would like the manager to be better organised in his work:

[Referring to the assistant manager] '...And if I have to do something which really is sort of not in the guide lines, I like authority from someone else before I do it. And he tends to say, well don't bother me, you know, how long have you worked for the bank, but that wouldn't mean a thing to the inspectors how long I have been in the bank, you know, They would tend to think you should know better. But Ian's approach is well, just use your own judgement if you think it is all right, do it...I don't like that, I like clear guidelines on what I am doing...' (Branch 6, Customer Services Officer, DW)

'...His administration [is not good]. He is all for serving customers and giving a good service, and as long as that, but the follow-up is not done. The work is not done.'
(Branch 6, Assistant Manager Service, IL)

Both the manager and the assistant manager perceived that they had open style communication in the branch. However the staff mostly tended to perceive that the communication in the branch between the staff and the manager was closed:

'...but I think if they don't make themselves apparent that you feel they are not approachable for anything. And I think you need that, or otherwise your team tends to fall to pieces. The top bit doesn't work then the bottom bit isn't going to work...so you know, I think we could do with a little bit of input there.' (Branch 6, Customer Services Officer, CM)

Rewards and Recognition

Unfortunately, because the sales and service staff in this branch were managed and rewarded separately, a lot of resentment and controversy had built up between these two groups. The service staff, in particular, perceived they were being treated unfairly in terms of recognition and rewards and that they were under-rewarded. The staff provided many examples to illustrate their views. One particular example centred on a holiday to Tunisia. Many of the customer service staff were upset because one of the sales people had won a holiday to Tunisia because of his excellent sales performance and although the service staff had provided the leads for the sales they received no rewards at all. The service staff felt that the rewards system was very unfair and to make the situation worse, the sales person did not bring back any presents for the customer service staff who had helped him achieve his holiday. One member of staff was quoted as saying, 'He didn't even bring us back a stick of rock'. The customer service staff felt very let down and confided that it would be the last time he went on any holidays with the bank! Because of this, it was felt that the customer service staff should have some reward for referring business to the sales staff. A scheme was then implemented whereby customer service staff would receive £25 for referring a certain level of business. However, this was not welcomed, as the customer service staff felt that £25 in comparison to a holiday in Tunisia was not a fair deal. This has now resulted in an impasse with the customer service staff still referring business to the sales people in order to meet their referral goals. However, 'off the record' the sales staff now complained that the customer service staff were going out of their way to intentionally refer poor leads. The following quotes are examples of how the staff felt that the rewards and between the sales and service staff were not fair:

‘The bank has incentives every year, and the incentives are really keyed up on the sellers. For example, a level two in this branch...had a four day trip to Tunisia. That is the incentive prize that he won. The staff will get if they are top of the referral list, £25 worth of vouchers...So, I don't know if it is me being cynical, but where is the incentive for a cashier to refer business on to a seller, if the seller, stands a chance of getting a four day trip away...and they stand to get £25 each...There is very little incentive for that, for what we term the service staff. The incentives that we have, we had incentives last year, they were things like, a day away go-carting, a day away at a health farm, a day away doing paint ball!... And I think it is an insult to offer somebody £25 worth of vouchers for being the top referrer in the cluster.’ (Branch 6, Assistant Manager Service, IL)

‘To be honest I would say...I think it is unfair. Because it has always been the situation like with the sales teams, because they have always had these exotic trips, if you like, and the rewards for them seem much better, because they are paid, a lot of it, was in commission as well. So obviously the better they do the more commission they get, the higher their salaries...when you consider how the work is provided for them, they have the availability of the branch and the branch staff, and the leads from the branch staff, so a lot of it is helped by the people that you work with, but one person gets the reward. And I think that is unfair. I think the branch should get a reward, and I think it should be something that everybody can have something of...’ (Branch 6, Customer Services Officer, CM)

‘Well, I don't think it so much the envy as such, as oh yes I would love to go there, but it's just well one person in the branch is off there, what about the rest of us. Do we not exist or do we not count.’ (Branch 6, Customer Services Officer, CM)

Other examples of how the staff felt unappreciated and unrewarded are as follows:

‘...I think the staff they have got, is a very good staff. But then again, the staff they get are workers, they work hard, they work probably longer than they should, and they are not getting paid for it.’ (Branch 6, Assistant Manager Service, IL)

‘...I don't think I am appreciated at all by the bank. No. Like his work gets taken home, and I'm working here till 6pm at night and we are not getting paid for it, and the manager and I sort things out and we bounce things off each other. If it requires me to work late, I work late. I take it as part of the job, I don't get paid for it. You know, I don't think that the bank appreciates it, no.’ (Branch 6, Assistant Manager Service, IL)

The staff generally received very little praise and were unanimous in their perceptions that they were punished for their behaviour or received negative or no feedback:

‘...But really I felt, oh my god, I am doing this, and what do I get, I don't even get a thank you, sometimes I get my head bitten off, because I have got somebody there for him to see, and he doesn't want to see them, and it is bound to come across to the customers, you know, they will feel a bit put out about something, you know.’ (Branch 6, Customer Services Officer, CM)

‘Because if something goes wrong, bang, and you know, they are on to you like a tonne of hot bricks, you know, and it is sort of like, as soon as something goes wrong they are there. But there are things that go right a lot of time, and there is never, gosh, that was great, well done, or even to come down, not to pick out a specific person, well

done today everybody, that was really good work...' (Branch 6, Customer Services Officer, IM)

The manager of this branch operated a very strict regime with his staff. In this branch, goals and/or performance standards, including monitoring of staff, were extensively used by the manager to control staff behaviour. For example, the customer service staff had a goal to refer seven leads each day to the sales staff. The seven leads included five 'warm' leads and two 'actual' leads. 'Warm' leads are when the customer service staff are serving a customer and spot a sales opportunity, such as the customer may benefit from a loan. The member of staff then asks the customer if they would like someone to contact them to discuss their requirements and takes their telephone number, which is then passed on to a sales representative for them to call the customer in the evening. 'Actual' leads are when customers are asked to go immediately to see a sales person to discuss some aspect of their personal finances. At a later date the transaction sheets for the day are thoroughly checked (a list of all customer transactions undertaken with a particular member of staff on a particular day) to see if they match up to the referrals passed on to the sales people. If there are discrepancies, the member of staff responsible is questioned and asked to justify the discrepancies:

'Every cashier has a referral sheet, and they get one everyday. And what we are supposed to do is, they say right, the people you are supposed to refer with a credit card, or a balance over £500, or anybody who is paying a credit transfer to another finance company, or another bank, anything like that...Now what you are supposed to do is write on this sheet right, you have served this customer with a credit card, no they are not interested, or you have referred it. And then, what the management will do, they do spot checks on them, they go through all your vouchers that you have deposited...and they will go through your credit transfers at the end of the night...and if you haven't got it written on your sheet you will get pulled up for. It goes on all the time...you are not doing your job properly. They will mark you down.' (Branch 6, Customer Services Officer, SF)

Although goals and performance standards were effective in controlling staff behaviour, they were also used by the staff to enable them to perform in minimally acceptable ways to 'escape' or terminate being punished:

'...Well someone has to set objectives...if your pay is affected by what is on your annual appraisal you have to do what is necessary on there, and regardless of how, or what customers require you are going to do what is necessary, and only what is necessary.' (Branch 6, Assistant Manager Service, IL)

The staff also blamed the goals and performance standards for stereotyping their behaviour, which affected customer service, and for not rewarding them for the work that they did:

'I think it is affecting the customer service...they know they are going to get monitored on saying good morning and sorry to have kept you waiting, they know that, so they say it, there is no feeling in their voices.' (Branch 6, Assistant Manager Service, IL)

'And on referrals as well, we are supposed to find five what they call warm leads per day, which is something definite for them to follow up. We have to have two good

referrals directly from the counter to an interviewer per day. I mean this is all really because we are, the area I take it hasn't met its target as far as sales go, so down again it comes to us to provide it all... So what is the point of, if you have a target, if that doesn't get you a C [grade on your appraisal] which is you have met the standard required. If the target only gets you a D, which is you are just nearly there, and then you have got to provide to be very exceptional to get anything more than that. We were just amazed at it really, I mean, it is very negative.' (Branch 6, Customer Services Officer, CM)

Cohesion

There was a very low level of cohesion in this branch particularly regarding the staff working together as a team. The staff perceived that they did not work particularly well as a team. Most of the problems seemed to stem from the sales and service division in the branch and the perceived inequity of rewards between the sales and service staff:

'...if you have somebody, a cashier who is targeted for a specific number of referrals they are going to refer what is necessary, and if for example they refer on to a seller, if they are not going to get anything from it, why should they take the referral, which then upsets the cashier.' (Branch 6, Assistant Manager Service, IL)

'Read into it what do you think? Do you think that creates a nice happy family atmosphere?' [Referring to the sales person who went to Tunisia] (Branch 6, Assistant Manager Service, IL)

Warmth and Support

Although the low morale for this branch was only specifically commented on 5 times, it was very much reflected in the branch through these climate themes and dimensions that have been previously discussed. The overall impression received from visiting the branch was that the staff were not happy and that morale was very low indeed. Informally, outside the context of the interviews, the researcher was informed that all the staff wanted to leave the branch and that they were all looking for other jobs. Apparently four people had already left and found new jobs:

'I think staff morale is really down...' (Branch 6, Customer Services Officer, SF)

According to the manager:

'...I found that the staff were down, the morale wasn't there. I had problems with staff, security wise, I had the wrong mix of staff, cliquey... To a certain degree I think I have got it sorted.' (Branch 6, Manager, JH)

Staff felt that they received very little warmth and support from each other, their managers or from head office and senior managers:

'No [there is no sense of family in the branch].' (Branch 6, Manager, JH)

Warmth and support from the managers was perceived to be particularly poor:

‘I think it stems right from the top. I think the branch managers do their best, you know, but of course they have somebody on their backs all the time as well. So it goes further up the chain. No I don't feel particularly [appreciated], I would love to leave actually, if I had the money. I would love to be at home, but I can't afford to... So, I think a few more pats on the back, actually, just as a manager coming in at the end of the day, saying you have done a good days work, everyone, thanks very much, I know it has been hard. You know, that works wonderfully.’ (Branch 6, Customer Services Officer, DW)

‘But what is expected by management is very high standards, and I think this is what annoys us at times, because they expect such a lot, yet there is no one who seems to come around to ask you how you feel about it. How do you think it works, and what can we do to improve it, but they just don't seem to have that interest. It is a case of this is what you have got to do, do it.’ (Branch 6, Customer Services Officer, CM)

Interestingly, the manager perceived that he had an open door management philosophy. He hoped to encourage staff to come and talk to him. However, he then openly admitted to abusing his assistant manager:

‘I operate an open door management technique, if you have a problem come and see me, I don't want you sitting worrying about anything like that, or either personal or bank, I want to hear about it, come and see us, and come and interrupt at any time. I may not be able to see them there and then...[As far as the assistant manager is concerned] He tends to follow me. He is a very quiet, introverted sort of a lad, I don't know if you picked that up, and I give him a good kicking now and again, but I think he needs that. He needs to be dragged up by, what the hell are you playing at, and lets play it this way.’ (Branch 6, Manager, JH)

Perhaps it was, therefore, not surprising that his assistant manager hated Mondays and the staff thought that the assistant manager's attitude contributed towards a low score on their recent inspection report:

‘Monday, he hates Mondays [the assistant manager]. Mondays he's bla, bla, like that, you know. So you just tend to ignore him like, and then he will freely admit it, I mean, you can actually turn around and say to him, what's the matter with you, you have a face like a back of a bus, and he goes, oh, I hate Mondays. And he will just walk away. You know, and they stand at the back with a right hump like, you know. And the Starburst thing, you know, stormy, when we got our inspection report because we got an amber...so there were these thunder storms coming down, and everybody see [the assistant manager], you know, and that was it basically.’ (Branch 6, Customer Services Officer, IM)

The warmth and support from head office was also perceived by the staff to be severely lacking:

‘And if you phone up and you say you know its busy we need staff, whatever, they will just fob you off, and say tough, every branch is in the same situation get on with it...’ (Branch 6, Customer Services Officer, SF)

‘They [in head office] are not even aware of what goes on. The majority of them, you know...it has been so long since they have worked, and have worked in a situation with a customer. They really haven't got any idea of how things happen. And I think if they have worked in a situation with customers years ago, you probably had about six times as many staff to deal with things, as you have now. But they forget that. They need to come in and actually work for a few days and see how it actually happens, before they then can just sort of just push all this stuff down the hill to us, and say well you have got to do more of this, and more of that, you know, and you are going to have targets for this, that and the other.’ (Branch 6, Customer Services Officer, CM)

Customer Care

Staff perceived that not only was there a lack of focus on practices and procedures in relation to customer care in the branch, but that the ones they had, were often set up in such a way that they worked to the detriment of the customer:

‘...if it is for lending if it is outside normal criteria, we have to refer it to head office, by telephone, and sometimes you are hanging on the telephone for over ten minutes, and you have a customer sitting in an office, and you are away for ten minutes, and it is not good service. Whereas in days gone by, we would say yes, or no, straight away.’ (Branch 6, Assistant Manager Service, IL)

‘this is the biggest fault that I have got with the bank, is that, we have to say hello Mr so and so, big smile, and it is all part of the customer care service, and we have this inspection come in and basically the reply was yes we are doing this, but it is coming across as false.’ (Branch 6, Customer Services Officer, IM)

There was also a perception that the staff were not offering good service to the customers:

‘Yes. Or perhaps, as I say on a busy day sometimes, you might only have three people who stop at the counter. And you have queues out the door. You know for a fact that you feel that you are not offering them the service...’ (Branch 6, Customer Services Officer, CM)

Conversely, the sales orientation of the branch was discussed by all but one of the staff interviewed and four of the staff discussed at length how focussing on sales practices and procedures in relation to customer care in the branch was detrimental to the customers:

‘Obviously, the way the attitude at the bank is at the moment it is very much orientated on sales, and to the detriment of anything else. Which to me, involves customer service, I mean, paramount in my mind is customer service, the bank see it differently, I am not saying that they don't recognise customer service but the bank's main thing, my main objective is to like, key sales objectives. Regardless of anything else, for example, this is private isn't it? I have my management appraisal every quarter...the main objective which is the key sales objectives, has a weighting of 70%, so I, could quite easily hit my every five areas of the sales, and get a B for it, and the other six areas that it gets E's, and I still come out with a B. So what they tell me is, you know, in layman's terms, stuff everything else and get your sales.’ (Branch 6, Manager, JH)

‘Well, I would think they are sick [about the staff trying to sell to customers]. I mean a lot of them, you know, you have asked them before, and or another cashier has asked them and you ask them again, perhaps because you are not quite sure if they have been seen. ‘Oh I’m asked every time, I don’t want to be asked any more, I’m sick of this.’ And I often wonder, you know, if it will frighten people off. Because like they are approached time and again for the same things. Even the staff at one point were getting pestered to death...if we were sick of it, how do the customers feel.’ (Branch 6, Customer Services Officer, CM)

‘I mean the referral system works quite well, if it is genuine, but I mean the customers know really it is just to try and get something out of them. Which they are very suspicious of...’ (Branch 6, Customer Services Officer, CM)

This focus on sales, which was achieved through the effective use of goals and/or performance standards, has had a very negative impact on the attitude and behaviour of the staff at the branch. All of the staff interviewed (except the manager) acknowledged this and quoted a number of examples of how it had impacted on their behaviour:

‘I think they [the staff] get a bit sick of it [selling]. Which I think if you are sitting every day, and like, literally every person you are serving you say, credit transfer, or credit card and you have either got to refer or justify it on a sheet, why you haven’t done it, it gets you down. And I mean, they go through them, and they’ll check it, and if you have written 10, and you have missed one off, it is not oh you have written 10 that’s fine, it is why have you missed one off.’ (Branch 6, Customer Services Officer, SF)

‘...You can’t do the transaction, finish it off, and then you are thinking in your brain, right this is a good lead here, and how am I going to put this over, and that is where you get your cash errors!’ (Branch 6, Customer Services Officer, IM)

‘Service account, which is an old account that is about 0.3% interest, if they have a lot of money in that, and they want to transfer to a higher interest account, the seller will not get any points for that, because he works on a point basis. And if they have got a lot of money in their account, and if they can get something like, a regulated product, like a tax free savings plan for example, they get points for that, and they will see them...So what will probably happen with that person, if the sales person has the opportunity of getting a sale, they’ll see them. If there is little chance of a sale, they probably won’t want to see them...’ (Branch 6, Assistant Manager Service, IL)

Managing the goals and performance standards and its impact on behaviour had no doubt contributed to the employees’ perceptions that they and other members of staff were under a lot of pressure with respect to their jobs. Four members of staff were also experiencing role conflict, that is they perceived they were being pulled in different directions in terms of customer care and selling:

‘...Banking used to be a service, a service to the customer, what can we do for you etc., but now it is what can we get out of them. I’m glad nobody’s listening. What can we get... you know...we want their mortgages, we want their investments, we want all the lending, insurances, car insurances, everything. Every financial institution had it’s own little place at one time, but they are all now after the same. Each had a slice of the cake,

and now they all want every bit of it now. And sometimes you wonder if that really is right.’ (Branch 6, Customer Services Officer, DW)

The staff perception of training in the branch was very mixed. However, the following quotes highlight some of the problems the branch was experiencing in terms of covering the training for the staff in the branch:

‘Because you get new starters or you get new people who have been on the sales side of it, and come across to the service side, and they are not given adequate training. Or they are not given the time to learn things, and they are just thrown in at the deep end, basically. And if they complain, or you ask for it, you’re given the skimpy, barest minimum, and you are more or less told to just get on with it.’ (Branch 6, Customer Services Officer, SF)

‘...the ideas on training is fine, but we never get the time to do it, I’m weeks and weeks behind in mine, we have videos to watch, I don’t know how many I have to catch up on. They set training dates, but if somebody is off sick, or they move somebody to a branch for a day, to take someone else’s place, the training doesn’t happen, because you haven’t the staff to cover you, you see.’ (Branch 6, Customer Services Officer, DW)

Like all the other branches, all the staff had attended the TQM training programme and like all the other low retaining branches, this initiative was no longer being used in the branch:

‘The theory is good, but putting it in to practice is...why has it gone by the board? Well because, you have to spend a lot of time, take people out of the system and the bank the way it is going it is cutting back on staff and at the time we just gave it up. They will tell you different, because the process is still there, but you know, when you have big news one day and then suddenly it fades away, you know it is still there in the background but it is not as half, or as important as it was...Some good ideas come out of it, but at one stage they had us filling in weekly returns, what good ideas have you had this week, well, we don’t want people sitting around thinking, what can I put on this return, you know what I mean. So, we just backed off this one.’ (Branch 6, Manager, JH)

The Starburst initiative, however, seems to have struck a cord with the assistant branch manager in this branch, who was very keen to see it properly implemented in the branch:

‘...And Ian, because he believes in the Starburst...you have got to make the customers welcome, you have got to make sure that you service their needs as quickly and efficiently as possible, send them on their way...’ (Branch 6, Manager, JH)

‘...we are pulling people from other work to get on the counter, to do esquires and things like that, so the Starburst scheme will not go away here. And we will keep that going. We have the certificates and every member of staff has got them, with the exception of one or two...we are going to put certificates downstairs in the lobby, so the customers can see, and we will keep on top of it. And really, it is focused in their quality reviews.’ (Branch 6, Assistant Manager Service, IL)

Unfortunately, while the staff were under so much pressure from sales and morale was so low it is unlikely that the staff would wholeheartedly support the Starburst initiative. During the visit to the branch there were no visible signs of the Starburst programme in operation. There were no notices on the noticeboards, no Starburst charts and no certificates on the walls in the customer service area for the customers to see:

‘Well I think the Starburst service can, could be positive if we didn't have quite so many other jobs that have come back in, because I think the customers like to feel, that you are talking to them as a person rather than, you are another number, you know...’
(Branch 6, Customer Services Officer, CM)

As previously stated, none of the branches were aware of their retention rates at the time of these interviews and the researcher was also not aware of which branches were high retaining branches and which were low retaining branches. Despite this, the assistant manager's perception was that the branch did not have a problem with customers closing their accounts. Yet this branch has the lowest customer retention rate of all the branches in the sample:

‘I think we are quite lucky because we don't have a problem, we don't have a lot of closed accounts. If we do get a concern whether it be over the counter, or by letter, the manager and I will deal with it personally. We try and save the account if we possibly can...but we tend to get our fair share of problems as most branches do, but what we don't have is a great deal of customers closing their account...There are certain occasions where the accounts are pretty bad, and then you have to ask yourself is it worth the bank keeping the account, because of the extra work that it involves...’
(Branch 6, Assistant Manager Service, IL)

Not all the customers were treated as valued customers in the branch. It very much seemed to depend on how valuable their account was to the bank and how much work was involved in managing the account:

‘So it is very much a case of, it boils down to the amount involved. So not everybody really is treated as valued as the next person.’ (Branch 6, Customer Services Officer, CM)

‘...Some customers you don't want. They come in, and you just clap your hands, and say, thanks very much bye bye. But the majority of them, you have to ask the question, I mean... It all depends on what sort of account you are talking about?’ (Branch 6, Manager, JH)

‘...and the work involved when they come in complaining about their charges every month, so you have to weigh that up, with whether it is worth keeping the account...’
(Branch 6, Assistant Manager Service, IL)

The assistant manager of Branch 6 spoke about head office practices and procedures and the negative impact that they have had on customer care at the branch. For example, he spoke of the problems of getting support from head office to provide good service to the customers:

‘...I know the bank thinks it's essential [offering good customer service] but we don't actually get the back-up in my opinion to make sure that happens...I have been dealing

with the mortgage application now for the best part of five or six weeks, and I have spent a lot of time on it, contacting the customers, going through mortgage department, not being happy with mortgages, having appealed through the line manager, to try and get this mortgage through...there has been a lot of time spent on it. I hope that I provide a good service to the customer and try and help them, home loans will not give me what I require, or what the customer requires.’ (Branch 6, Assistant Manager Service, IL)

Summary of Branch 6

In summary, this branch was very sales oriented and relied heavily on goals, performance standards and rules and procedures to control staff behaviour. Autonomy and participation in the branch was very low and supported the perception by the staff that there was a reliance on rules and procedures in the branch. Focusing on sales practices and procedures in this branch was perceived to be detrimental to the customers. It also seemed to have a negative impact on staff attitudes and behaviours, with the staff experiencing role conflict in terms of sales and customer service. This undoubtedly contributed to employees’ perceptions that they were under a lot of pressure in their jobs. The sales-service division in the branch and the lack of rewards and appreciation for the service staff, had also led the staff to feel unfairly treated and under-rewarded. The staff in this branch also perceived that they received little praise and were punished for their behaviours or received negative or no feedback at all. Overall, the morale of the branch was very low and the staff were very unhappy.

5.2 Cross-case Analysis

This chapter has so far analysed each of the three low retaining branches and provided a summary of the key climate themes that emerged from the analysis. The remaining part of this chapter will now take the analysis of the individual branches to a further stage of data reduction and will focus on analysing the consolidated data for those branches. This section is divided into six sub-sections. Sections 5.2.1-5.2.5 consider specific climate themes and identify the similarities and differences for each of the climate dimensions across the three low retaining branches. As in the previous chapter, each section is summarised with a table relating to the specific climate theme. The tables are based on Appendix H and provide a summary of the qualitative data for the climate dimensions for the specific climate theme for the three branches. The final section, Section 5.2.6, summarises the findings from the low retaining branches.

5.2.1 Structure

Structure refers to the extent to which employees perceive there is a degree of structure imposed on the position in the low retaining branches. This climate theme is made up of a series of dimensions that focus on structure, for example, communication, rules and procedures, participation, autonomy etc. These dimensions will now be analysed for the three low retaining branches.

In all three low retaining branches, the sales and service activities were managed separately. In Branches 4 and 6 the branch manager had responsibility for the overall management of their branch, sales and achieving branch objectives. The assistant manager, whilst reporting to the manager had responsibility for customer service in the

branch. However, in Branch 5 the roles and responsibilities of the people concerned in managing those activities were very different. The sales team leader, whose job it was to manage the sales team, concentrated only on selling. The assistant manager, whose job would normally be to manage customer service, was managing the sales team and the chief clerk was managing the customer service.

In the three low retaining branches, the communication between the managers and the staff was perceived to be closed, with the management keeping information to themselves and not informing the staff of what was going on, on a regular basis. Staff commented on the managers' poor communication skills and their lack of visibility with the staff. There were, however, a couple of comments from staff in Branches 4 and 5 that despite the managers' poor communication skills they were nonetheless friendly and approachable.

Employees in all three low retaining branches perceived that the branches were badly organised. The managers in Branches 4 and 5 appeared to be particularly disorganised with their staff freely commenting on how bad they were at organising the branches. In all three low retaining branches, the noticeboards were cluttered and disorganised. Dirty dishes were piled in the kitchen in the staff rest rooms. There were boxes of stationery and literature in the interview rooms and in the back office areas. Branch 4 was especially disorganised with poorly photocopied notices on the walls and a general lack of tidiness in the branch.

The staff in Branches 4 and 5 perceived that they had a high level of autonomy about how to respond with respect to work procedures, goals and priorities. This was reflected in the flexibility that the staff perceived they had regarding rules and procedures relied upon in the branches. Both of these themes were opposite to Branch 6, where the style of management in the branch was very controlling. In this branch, the staff perceived that there was a reliance on rigid rules and procedures in the branch and that there was a low level of autonomy with respect to work procedures, goals and priorities.

Despite the varied levels of autonomy between the branches, it was the branch managers' policy in Branches 4 and 6 not to rotate people around different jobs. Instead, if a member of staff was good at a particular job, they would find that they were always doing that job.

Unfortunately, even though the staff in Branches 4 and 5 had a high level of autonomy and the staff in Branch 6 had a low level of autonomy, the staff in all three branches did not perceive that they had clarity about their job roles, their responsibilities or even about how they were rewarded. Basically, the staff were not sure what was expected of them or what they should be doing. This could be the result of poor communication between the managers and staff, poor training and/or a lack of organisation by the managers. In Branch 5 this could also be due to the unusual organisation structure. The staff in Branches 4 and 5, in particular, felt that their manager had abdicated responsibility to his staff and showed no interest in helping them with problems or issues when they arose.

The staff in the low retaining branches did not perceive that they were involved in branch activities and decision making. Even in Branch 4, which had the only examples of high participation, the staff did not feel comfortable about feeding back information to the manager and participating in branch activities or decision-making. This could be because the staff already felt that the manager had abdicated responsibility and possibly thought that they were already doing enough for the branch.

The managers and the staff in all three low retaining branches perceived that they and other members of staff were under a lot of pressure with respect to their jobs. Next to the staff's perception that the branches did not have enough staff, this was the climate dimension that was mostly commented on across all three branches. All the staff were finding it difficult coping with the demands that were placed on them and recognised the negative impact that stress had on customer service and sales in the branches. There were a number of factors that could have contributed to the high levels of pressure in the branches. Firstly, the branches were badly organised. Secondly, all the staff were under pressure to achieve sales and customer service targets. The cashiers in particular, were constantly having to spot referral opportunities for the sales staff and thirdly, the staff perceived that they were too busy and had too much to do.

Table 5.1 is based on Appendix H and provides a summary of the qualitative data for the climate dimensions relating to the structure theme for the three low retaining branches.

Table 5.1: Structure dimensions for the low retaining branches

	Low retaining branches		
Structure	4	5	6
Management roles	Roles split between manager and assistant manager. However, Branch 5 has an unusual structure.		
Communication	Staff perceived closed communication between managers and staff and poor management visibility.		
Rules and procedures	Staff perceived flexibility in terms of rules and procedures.		Staff perceived rigid rules and procedures.
Rules between branches	1 member of staff perceived rules varied between branches. (1 comment)	No finding.	
Participation	Staff perceived they were not involved in branch activities and decision making.		
Autonomy	Staff perceived that they had autonomy about how to respond with respect to work procedures, goals and priorities. Staff perceived managers had abdicated responsibility for the branch.		Staff perceived a controlling management style and that they had a low level of autonomy.
Role clarity	Staff perceived that they had a lack of clarity about their job roles and responsibilities.		
Organisation	Staff perceived that the branches were badly organised. They were untidy, with for example, dirty dishes in staff rest rooms.		
Staffing	Staff perceived that the branches did not have enough staff.		
Pressure	Staff perceived that they and other members of staff were under a lot of pressure with their respective jobs.		
Role variety	Staff perceived they were not able to vary their roles and responsibilities.	No finding.	Staff perceived they were not able to vary their roles and responsibilities.

5.2.2 Rewards and recognition

This section will analyse the extent to which there is a perception that employees are rewarded and recognised in low retaining branches. Each of the climate dimensions relating to this climate theme will now be considered.

To varying degrees, the staff in the low retaining branches perceived that they were rewarded and recognised in positive ways. The staff also perceived that they were punished for their behaviours or received negative feedback. Many of the punishments were because the staff had failed to meet their targets or because jobs were not done the way the manager had wanted them done. The punishment dimension was the third most commented on dimension in the low retaining branches.

The balance between rewards and punishment was different between Branch 4 and Branches 5 and 6. In Branches 5 and 6, and particularly in Branch 6, the staff perceived that they were punished more than they were rewarded. In Branch 4, the staff perceived that they were rewarded more than they were punished. The manager of Branch 4 was considered to be good at rewarding and recognising his staff and would often thank them for their hard work. However, despite the recognition of some reward in the three low retaining branches, the staff also perceived that they were often completely ignored in terms of praise and appreciation and received no reinforcement either positive or negative.

Equity refers to the extent to which employees perceive that they are being treated fairly in terms of rewards and recognition and appreciation. The staff in the low retaining branches perceived that they were under-rewarded and unfairly treated in terms of rewards and recognition and distribution of workload. This was particularly the case in Branch 6. The service staff in Branch 6, perceived that they were being treated unfairly and were being under-rewarded in comparison to the sales staff. The sales staff were receiving large bonuses and trips to exotic locations for their sales efforts, despite the fact that they were only able to achieve their sales targets by the service staff referring customers to them. Unfortunately, this led to a lot of resentment and controversy in the branch between the two groups of staff.

In the low retaining branches, managers extensively used goals and/or performance standards, including monitoring staff, as a means of controlling staff behaviours. Most of the goals and performance standards used in the branches were concerned with achieving sales targets, although there were some used for customer care. Although, considered to be effective across the branches, there were a number of examples in all three branches, where they were considered to be ineffective. For example, staff making up information for the forms they were asked to complete because they couldn't remember the information. The manager of Branch 4 considered the measurement system to be ineffective and felt that it did not make people as accountable as they should be. There was also evidence that the staff in Branches 4 and 6 used the goals and performance standards to only do what was necessary for them to achieve their targets, regardless of what the customers required. This enabled them to perform their jobs in minimally acceptable ways to 'escape' or avoid being punished (Cherrington, 1994). The goals and performance standards were also blamed by staff

for stereotyping their behaviour, which they believed affected customer service and did not reward them for the work that they did.

Table 5.2 is based on Appendix H and provides a summary of the qualitative data for the climate dimensions relating to rewards and recognition for the three low retaining branches.

Table 5.2: Recognition and rewards dimensions for the low retaining branches

	Low retaining branches		
Recognition and Rewards	4	5	6
Reward - PRC	Staff perceived they were rewarded and recognised in positive ways.		
Punishment	Staff perceived they were punished or received negative feedback for poor customer service provision or poor sales.		
	Staff more rewarded than punished.	Staff more punished than rewarded.	
Escape contingency	‘Escape’ contingency present.	No finding.	‘Escape’ contingency present.
Avoidance contingency	No finding.		
Extinction contingency	Staff perceived that they were not recognised or appreciated.		
Equity	Staff perceived that they were under-rewarded and unfairly treated in terms of rewards and recognition and distribution of workload.		
Goals	Staff perceived that goals and performance standards were used as an effective way of controlling staff behaviour. However, there were examples where they were considered to be ineffective for the branches.		

5.2.3 Cohesion

Cohesion refers to the extent to which employees have a feeling of togetherness and cohesion within the organisation, for each other and the group as a whole. Each of the climate dimensions relating to this climate theme will now be analysed for the three low retaining branches.

Across all the climate dimensions relating to cohesion for the three low retaining branches, there were very few comments from the staff. In terms of interaction among staff, which is the extent to which the employees perceive a feeling of togetherness, pulling together and cohesion in the branch, there were only three comments from one member of staff in Branch 5, who perceived it to be low. There were no comments at all regarding a shared perception and only the staff in Branch 6 responded regarding

the extent to which the staff within the branch worked as a team. Whilst there were a few positive comments from the staff in Branch 6, in terms of them working as a team, mostly the staff did not perceive that they worked well together as a team. Examples were quoted of how the cashiers provide the sellers with referrals, but if the sellers were not going to get rewarded for dealing with the referral they would not take them, which in turn upset the cashiers.

The climate dimension which was most commented on within the cohesion climate theme, was the extent to which the staff within the branch socialised with each other. There was only one comment each from the staff in Branches 4 and 6, regarding a high level of socialising. The staff in Branch 5, however, perceived that they socialised, but also felt that they were too busy to socialise with each other.

Table 5.3 is based on Appendix H and provides a summary of the qualitative data for the climate dimensions relating to cohesion for the three low retaining branches.

Table 5.3: Cohesion dimensions for the low retaining branches

	Low retaining branches		
Cohesion	4	5	6
Interaction among staff	No finding.	Low perception of cohesion among the staff.	No finding.
Socialise	Staff perceived some socialising among the staff.		
Shared perception	No finding.		
Team	No finding.		Mixed results. Staff perceived that they did and did not work well together as a team.

5.2.4 Warmth and support

Warmth and support refers to the extent to which staff provide each other with consideration, warmth and support and get on well with each other. It is also includes the extent to which managers and head office managers, encourage and provide consideration warmth and support for their staff. As well as warmth and support this climate theme also includes staff morale and the extent to which staff trust their managers. Each of the climate dimensions relating to this climate theme will now be analysed for the three low retaining branches.

Across the three low retaining branches, the staff perceived there to be a lack of morale among the staff. This lack of morale was very much a symptom of the

pressures and stresses that the staff in the branches perceived they were under. The overall impression received from visiting the branch was that the staff were not happy and that morale was very low indeed. Members of staff spoke about wanting to leave the bank, but couldn't afford to, others were hoping that they would be made redundant and the researcher was informed that a number of staff had, in fact, already left.

Despite the low morale in the low retaining branches, staff perceived that they provided each other with consideration, warmth and support and got on well with each other. However, this warmth and support was somewhat variable, especially for Branches 5 and 6, where the staff reported that there was no sense of family and that the branches were too big and busy to allow the staff time to foster warmth and support for each other.

Consideration, warmth and support from the managers of the low retaining branches was also variable across the branches. In Branch 4 nearly all the staff spoke very highly of the manager. They liked his laid-back attitude and felt that he provided the staff with consideration, warmth and support and got on well with them. This was, however, in contrast to the perception of the staff in Branch 5 where the lack of consideration, warmth and support from the managers in this branch was lower than any of the other branches in the sample. All of the staff in Branch 5 perceived that the manager and assistant manager were weak at providing the staff with consideration, warmth and support. The manager was frequently criticised for staying in his office too much and not going out to speak to the staff. The staff felt that by allowing them so much autonomy in their jobs that the manager had abdicated responsibility to his staff. He didn't want to know about their problems and showed no interest in helping his staff sort out issues that cropped up from time to time. Interestingly, staff perceived that there was a low level of trust for the managers in both Branches 4 and 5.

Warmth and support from the manager in Branch 6 was also perceived to be particularly poor by the staff. The manager of this branch was obviously unclear about his own perceptions of supporting his staff. On the one hand he perceived that he encouraged his staff to come and talk to him, but then on the other hand he openly admitted to abusing his assistant manager.

The staff in the three low retaining branches perceived that head office and senior managers did not provide staff with consideration, warmth and support and get on well with them. The staff also no longer trusted head office and did not feel they had the staff's interests at heart. The staff in the branches criticised head office staff for not having worked in the branches, or at least not for a long time, and therefore felt that they didn't understand the pressures that they were under in their jobs. There was only one positive comment regarding head office made by a member of staff in Branch 4 and that was regarding head office listening to their request for more staff.

Table 5.4 is based on Appendix H and provides a summary of the qualitative data for the climate dimensions relating to warmth and support for the three low retaining branches.

Table 5.4: Warmth and support dimensions for the low retaining branches

	Low retaining branches		
Warmth and support	4	5	6
Warmth and support among staff	Staff perceived that there was warmth and support among the staff.	Staff perceived that there was a low level of warmth and support among the staff. No sense of family.	
Morale	Low level of morale.		
Warmth and support by managers	Staff perceived that managers provided staff with consideration, warmth and support and got on with each other and the staff.	Staff perceived that managers did not provide the staff with consideration, warmth and support.	
Trust management	Staff perceived that they had a low level of trust for their managers.		No finding.
Warmth and support from head office/senior managers	Staff perceived that head office and senior managers did not provide staff with consideration, warmth and support and get on well with them.		

5.2.5 Customer care

Customer care refers to the extent to which the employees perceive that there is a focus on practices and procedures in relation to customer care in the branch and employees’ perceptions of overall customer care and service quality. This climate theme is made up of a number of climate dimensions that focus on customer care. These dimensions will now be analysed for the three low retaining branches.

With a few exceptions, the staff in the low retaining branches perceived that there was a general lack of focus on the customer. There was no evidence from the interviews that the staff were genuinely interested in the customers or went out of their way to serve them. While the staff appeared to know what they should be doing to serve the customers, they only seemed to do what was required of them to meet their own internal targets and no more. The manager of Branch 4 felt that this lack of focus on customer service was because of a job’s worth attitude in the branch and that customers had become an inconvenience in their working day.

Staff in the low retaining branches perceived that there were practices and procedures in place for customer care. Unfortunately these were not always perceived as effective

by the branch staff and were often set up in such a way that they worked to the detriment of the customer.

The service quality in the low retaining branches was very poor. This was not only based on the employees' perceptions but also based on the independent mystery shopper results. The mystery shopper results were reported out of 100%, with 80% being the average for the whole country. None of the branches achieved above average mystery shopper scores and Branch 4 achieved the worst mystery shopper score for the whole country. Interestingly, whilst the manager of Branch 4 seemed to quite readily accept the score, his staff felt it was grossly unfair and in some instances felt that it couldn't possibly be right.

A lack of focus on training in the low retaining branches was also likely to have contributed to poor service quality and customer care. The feedback from the staff with respect to the training was fairly varied across the branches. Staff in all the branches considered that there was not enough training, with too little time being devoted to it. The training was thought to be effective across the branches, although in Branch 4 there were also some comments that it was ineffective as well as flexible, rigid and interactive.

The staff in all the branches had attended the TQM and Starburst training programmes that were introduced to the bank over the last three years. These initiatives were supposed to be actively ongoing in all the branches in the network. It was intended that these programmes should help staff to have a better understanding of their job role and the ongoing quality improvements that could be made in the branches. As a result of these programmes, the staff were also encouraged to become more aware of their behaviour and its impact on other members of staff as well as the external customer.

Unfortunately, the TQM initiatives in all the low retaining branches were considered to be inactive and ineffective in improving service quality in the branches and as a result were no longer supported by the staff. From the observations made by the researcher at the branches, there was no evidence of the TQM programme in operation. There were no posters on the walls and no suggestion boards or boxes in the staff rooms. In fact, there was no attempt being made to capture staff ideas on how to improve service quality for the staff or for the customers.

In terms of the Starburst initiative, the results regarding whether or not it was active and effective across the low retaining branches was mixed. In Branch 4 the Starburst initiative was considered to be active in the branch but had only been reactivated in the past week by the new customer services manager. In Branch 5, the Starburst programme was considered to be active, but ineffective. The staff believed it to be a gimmick and did not know how they could do it, when they were already struggling to cope with their workload. The manager of Branch 5 was particularly vociferous in his condemnation of the TQM and Starburst initiatives. He believed the TQM initiative was doomed to fail and that the Starburst initiative was insulting to his staff. In Branch 6 the Starburst initiative was perceived to be active and effective. The assistant branch manager was keen to see it properly implemented in the branch. However, during the visit to the branch, there were no visible signs of the programme in operation. Unfortunately, while staff morale was low and they perceived themselves to be under

pressure from sales, it is unlikely that the staff in Branch 6 would support the Starburst initiative.

The extent to which employees perceived there was a focus on sales practices and procedures in relation to customer care was high in all the low retaining branches. Whilst staff in all three branches did perceive that there were some benefits to the customer for focusing on sales, to a greater extent the staff perceived that focusing on sales was detrimental to customers.

The impact that the focus on sales practices and procedures had on staff attitudes and behaviour was varied across the low retaining branches. In Branch 4 it was only the recently appointed customer services manager who perceived that the focus on sales had a negative impact on staff attitudes and behaviours. Nobody else interviewed commented on it at all. In Branch 5 focusing on sales practices and procedures in the branch only had a small negative impact on the attitude and behaviour of the staff. However, in Branch 6 focusing on sales had a very negative impact on the attitude and behaviour of the staff at the branch. All of the staff interviewed (except the manager) acknowledged this and a number of examples were quoted of how it had impacted on their behaviour.

The impact of sales on staff behaviours and attitudes was reflected in the role conflict experienced by the staff in the low retaining branches. Role conflict is the extent to which employees perceive that they are being pulled in different directions in terms of providing customer care and trying to sell products to customers. This can lead to considerable stress for the staff and diminished customer care for the customers. In Branch 6, four members of staff experienced role conflict and felt that they were being pulled in different directions in terms of customer care and selling. However, in Branch 5 the focus on sales practices and procedures did not appear to lead to role conflict. The staff did not feel torn in different directions regarding selling and providing customer service, but were quite happy to focus on selling. This was also the case in Branch 4, where only the customer services manager and the manager expressed any concern about role conflict in dealing with customer care, selling and supervising.

The main concern for the members of staff interviewed in Branch 4, was not role conflict in terms of selling and service, but that focusing on practices and procedures in relation to customer care in the branch, impacted in a negative way on the attitude and behaviour of the staff. Although the poor mystery shopper results were a major reason for the negative responses from the staff, there was also evidence that the staff were not particularly customer orientated. To a lesser extent this was also true of Branches 5 and 6.

Branch 4 was the only low retaining branch in the sample not to comment on the sales and service division in the branch. The staff in Branch 6, however, perceived there was a division between the sales and service people in the branch and that it had a negative impact on staff attitude and behaviour. The staff perceptions in Branch 5 were mixed. Some staff perceived that the sales and service division in the branch impacted on the staff in a positive way, while others perceived that it impacted on the staff in a negative way.

The extent to which the employees perceived that there was an active attempt to retain customers and foster customer loyalty was very similar across the three low retaining branches. The low level of customer care in these branches was reflected in the staff's perception that there was very little attempt to retain customers in the branches. This was also evident in the customer retention practices in the branch, which were typically very mixed. Across the branches there was no standard system for dealing with retaining customers or fostering customer loyalty. Customer retention in the branches was either not practiced or was dependent on the value of the customers to the branch. This also supports the perception by the staff that the customers were not treated equally, regardless of their value to the bank.

In all the low retaining branches the managers and a customer service officer spoke about head office practices and procedures and the negative impact that they had on customer care in the branches. For example, they spoke of the problems of getting support from head office and good staff. They also complained that the staff were not given enough time to prepare for the launch of new products or services. The customer services manager of Branch 4 also spoke of her frustrations of the bank investing heavily in TQM initiatives and then allowing it to fade away.

Table 5.5 is based on Appendix H and provides a summary of the qualitative data for the climate dimensions relating to customer care for the three low retaining branches.

Table 5.5: Customer care dimensions for the low retaining branches

	Low retaining branches		
Customer care	4	5	6
Practices and procedures for customer care	Mixed results. Staff perceived that there was a focus on practices and procedures in relation to customer care. However, they were perceived to do so in both positive and negative ways.		
	Practices and procedures perceived to be ineffective.		
Impact of practices and procedures on staffs attitudes and behaviours	Staff perceived that the focus on practices and procedures in relation to customer care had a negative impact on staff attitudes and behaviour.		
Sales practices and procedures	Staff perceived that there was a focus on sales practices and procedures.		
Sales for the benefit of the customers	Focus on sales practices and procedures were perceived to be for the benefit of the customers.		

Sales for the detriment of the customer	Focusing on sales was perceived to be detrimental to the customers.		
Sales impact on staffs attitudes and behaviours	Only negative comments from the newly appointed customer services manager.	Sales perceived to have a small negative impact on staff attitude and behaviour.	Sales perceived to have a very negative impact on staff attitude and behaviour.
Role conflict	Staff experienced very little role conflict.		Staff experienced role conflict.
Managemt. sales role conflict	Management experienced role conflict. (1 comment)	No finding.	Management experienced role conflict.
Sales-service division	No finding.	Mixed results.	Staff perceived there was a sales-service division and it impacted on the staff's attitude and behaviour in a negative way.
Training	Varied feedback. Staff perceived there was not enough training and too little time devoted to it. Training perceived to be effective.		
	Also perceived to be ineffective, flexible, rigid and interactive.		
Innovative initiatives	TQM perceived to be inactive and ineffective.		
	Starburst initiative perceived to be active in past week.	Starburst initiative perceived to be active but ineffective.	Starburst initiative perceived to be active and effective.
Service quality	Staff perceived there was a low level of service quality.		
Customer care	Staff perceived there was a low level of customer care.		Staff mostly perceived there was a low level of customer care, but also some perceptions of a high level of customer care.
Customers treated equally	Staff perceived that customers were not treated equally and that their level of treatment depended on their value to the bank.		
Customer retention practices	Staff perceived that there was very little attempt to retain customers for the bank and that it largely depended on the value of the customers' business.		
Head office practices and procedures	Head office practices and procedures are perceived to impact in a negative way on customer care in the branches.		

5.2.6 Summary – Low retaining branches

In summary, the three low retaining branches were very similar to each other in terms of the main climate themes and dimensions. There was very little organisation in the branches and communication between the managers and the staff was typically closed. Although the staff were unclear of their roles and responsibilities, they were nonetheless expected to achieve goals and performance standards which were mostly concerned with achieving sales targets for the branches and not with customer care. These goals and performance standards which were used to monitor staff and control their behaviours were considered to be effective across the branches, but there were examples in all three branches where they were also considered to be ineffective. The staff in all three low retaining branches perceived that they and other members of staff were under a lot of pressure in their respective jobs. The staff were finding it difficult to cope with the demands that were placed on them and recognised the effect stress was having on customer service and sales in the branches.

The staff in the low retaining branches perceived that they were rewarded and recognised in positive ways. However, with the exception of Branch 4, to a greater extent they perceived that they were punished for their behaviours or received negative feedback. Much of the punishment focused on the staff failing to meet sales targets and not doing the job in the way that was expected of them. The staff also perceived that they were under-rewarded and unfairly treated across the three branches.

Despite the low morale in the low retaining branches, staff perceived that they provided each other with consideration, warmth and support and got on well with each other. The staff and managers in all three low retaining branches overtly criticised head office in terms of their lack of consideration, warmth and support for the staff in the branches. The managers also spoke at length about the negative way that head office practices and procedures impacted on customer care in the branches. For all the low retaining branches head office was the ‘common enemy’.

In the low retaining branches, staff perceived that there was a high focus on sales practices and procedures in relation to customer care in the branches. This was accompanied by a lack of focus on customers and service quality in the branches. This low level of customer care was reflected in poor customer retention practices and a lack of interest in the TQM and Starburst initiatives.

Despite these similarities between the three low retaining branches, there were a number of differences, between Branch 6 and Branches 4 and 5, which should be analysed further. The managers of Branches 4 and 5 attempted to adopt a laid-back approach to managing their staff. They allowed their staff to manage themselves and have a lot of flexibility regarding rules and procedures relied upon in the branches. The staff, in return, felt that the managers had abdicated responsibility to their staff and were not providing any leadership or direction. This was in contrast to Branch 6, where the style of management was very controlling and relied on goals and performance standards to control staff behaviours. The staff were allowed very little autonomy about how to respond to work procedures, goals and priorities and there was a heavy reliance on rigid rules and procedures in the branch.

The impact of the sales orientation in the low retaining branches was also different between Branch 6 and Branches 4 and 5. In Branch 6, focusing on sales had a very negative impact on the attitude and behaviour of the staff in the branch. The staff disliked selling and experienced role conflict in dealing with customer care and selling. However, this was not the case for Branches 4 and 5. Focusing on sales did not lead to role conflict and had a very small impact on the attitude and behaviour of the staff in the branches.

There were also differences between Branch 4 and Branches 5 and 6 in the low retaining branches. The manager of Branch 4 provided his staff with more consideration, warmth and support than the managers in the other two branches. This branch was also the only low retaining branch in the sample not to experience any sales and service division in the branch. The manager in this branch wanted to be friends with his staff as well as their manager and to reward and recognise them in positive ways. For this branch, the staff and the manager were united in viewing head office as the 'common enemy' for their lack of warmth and support and consideration. Whereas the staff in Branches 5 and 6, viewed their managers and head office as their 'common enemy'.

This chapter and Chapter 4 analysed the qualitative research results for the high and three low retaining branches. The next chapter, using the qualitative and quantitative research analysis, will now compare and contrast the key climate themes across the high and low retaining branches and address the two research questions proposed in Section 2.3.

6 HIGH AND LOW RETAINING BRANCHES: CROSS-CASE ANALYSIS

Chapters 4 and 5 reviewed the results of the qualitative research for the three high and three low retaining branches. This chapter will now compare and contrast the key climate themes across the high and low retaining branches and address the two research questions proposed in Section 2.3. The chapter is divided into three sections. Section 6.1 reviews the quantitative research results for the two sets of branches. Section 6.2 addresses the research questions and summarises the qualitative and quantitative analysis across the high and low retaining branches, highlighting differences and similarities in the data where they occur. Finally, Section 6.3 provides a summary for the chapter.

6.1 Quantitative Research Results

The questionnaire used for this research was originally developed by Schneider, Parkington and Buxton (1980) and subsequently modified for this study to account for an UK context (see Section 3.3.4). All employees from all six branches completed the questionnaires. The results, however, were non-conclusive. Like the original study, the internal consistency reliability for each of the multiple-item scales was poor. These consistency scores are used as a measure of the internal reliability for each of the multiple-item scales used for the employee variables. When the scores are lower than 70% it is accepted that there is less internal consistency reliability for the multiple-item scales and therefore the scales cannot be relied upon to measure what they are purporting to measure (Carmines and Zeller, 1983). Table 6.1 shows the original Schneider, Parkington and Buxton (1980) internal consistency scores (taken from Table 2.1), the internal consistency scores from this study and the percentage difference between the two studies. It can be seen that both sets of scores are similar. This means that the multiple-item scales from both studies cannot be relied upon to measure what they are purporting to measure, with the exception of ‘managerial functions’ which has a higher internal consistency of 85% and ‘enthusiastic orientation’ which had a border-line internal consistency score of 70%. Note that only the employee variables from the Schneider, Parkington and Buxton (1980) study which are relevant to this research have been included in this table (see Section 2.2.1, the ‘Customer care’ theme).

Table 6.1: A comparison of internal consistency scores

Employee variables	Schneider, Parkington and Buxton (1980) internal consistency (%)	This study internal consistency (%)	% difference
Enthusiastic orientation	70	68	2
Bureaucratic orientation	53	49	4
Managerial function	85	83	2
Effort rewarded	40	38	2
Retain customers	65	55	10

Because the results from the multiple-item scales were non-conclusive, it was decided to analyse the data question by question and count the percentage responses for each of the questions. This was done to see if there were any significant differences between the high and low retaining branches based on each question. The results of this approach are presented in Appendix L with the significance scores for each question.

The results of this analysis were fairly disappointing. Only ten out of the forty-four questions showed a significant difference between the high and low retaining branches. There are a number of possible explanations as to why the results to the quantitative analysis were poor. It could be that a three-point scale was not sufficient to capture the subtle differences between the employee responses in the high and low retaining branches, or it could be that the multiple-item scales used in the questionnaire were not sufficiently robust. The researcher considers that a more likely explanation is that the staff had been exposed to a lot of customer care training over the past year, therefore, they were very much aware of what the ‘right’ answers to the questions should be. As a result they answered the questionnaire almost as if it were a test. However, it was only after the in-depth semi-structured interviews took place, and the staff had again been reassured of the confidential nature of the study that they seemed happy to openly discuss their perceptions of the branch practices and procedures in relation to customer care.

Despite the fact that the overall research results were disappointing, there were, nevertheless, a number of questions, which did have responses that showed a significant difference between the high and low retaining branches. It was therefore, possible to use some of the quantitative results to support the qualitative results in the ‘within method’ triangulated approach as originally intended. The significant quantitative results are summarised in Table 6.2 and referred to in the cross-case analysis for the high and low retaining branches in Section 6.2.

Table 6.2: Questionnaire analysis

RR: High or low retention rates
1: not essential
2: somewhat essential
3: very essential
Note: For the cells that contain two numbers, the top number refers to the number of responses in that cell for an individual question and the bottom number the percentage of responses in that cell for a particular question.
S: Significance – Pearson (Bold highlights significance ≤ 0.05).
*: This significance should be treated with caution as minimum expected frequency is > 20% (i.e. there are too few responses in some of the category cells).
**: Statistics cannot be computed when the number of non-empty rows or columns is one.

Q. No	Question	How essential you you feel it is:					How essential you think bank management feels it is:			
		RR	1	2	3	S	1	2	3	S
1	Strictly following all rules and procedures of bank	High	0 0	11 20.8	42 79.2	.02	0 0	4 7.5	49 92.5	.56
		Low	0 0	3 5.8	49 94.2		1 1.9	3 5.8	48 92.3	
4	Giving customers special treatment if they have a large balance in their account	High	12 22.6	34 64.2	7 13.2	.02	2 3.8	23 43.4	28 52.8	.09
		Low	14 26.4	21 39.6	18 34.0		3 5.8	12 23.1	37 71.2	
8	Having bank branches involved in community affairs	High	18 34.6	29 55.8	5 9.6	.34	13 25.0	29 55.8	10 19.2	.02
		Low	25 47.2	22 41.5	6 11.3		26 50.0	22 42.3	4 7.7	
13	Meeting sales quotas set for the branch by bank management	High	1 1.9	28 52.8	24 45.3	.03*	0 0	0 0	53 100	**
		Low	3 5.7	15 28.3	35 66.0		0 0	0 0	53 100	**
16	Showing personal concern for any customers' banking problems	High	1 1.9	10 18.9	42 79.2	.73	4 7.5	5 9.4	44 83.0	.04*
		Low	1 1.9	7 13.2	45 84.9		1 1.9	14 26.4	38 71.7	

		RR	Very true	Somewhat true	Not true	S
27	The branch manager sets definite quality standards for good customer service	High	28 52.8	22 41.5	3 5.7	.98
		Low	27 50.9	23 43.4	3 5.7	
29	We single out some customers for special attention in my branch	High	2 3.8	27 50.9	24 45.3	.04*
		Low	6 11.3	15 28.3	32 60.4	
31	The branch always has adequate supplies (deposit/withdrawal slips etc)	High	26 49.1	20 37.7	7 13.2	.01
		Low	11 20.8	31 58.5	11 20.8	
39	The bank's management makes sure that each branch is adequately staffed	High	2 3.8	20 37.7	31 58.5	.046*
		Low	1 1.9	9 17.3	42 80.8	
43	The employees sent to us by personnel are able to do their jobs well	High	6 11.8	43 84.3	2 3.9	.048
		Low	5 9.8	36 70.6	10 19.6	

6.2 Cross-Case Analysis

Chapter 2 reviewed the literature relating to organisational climate and customer retention and identified a research gap, which led to the formulation of two research questions.

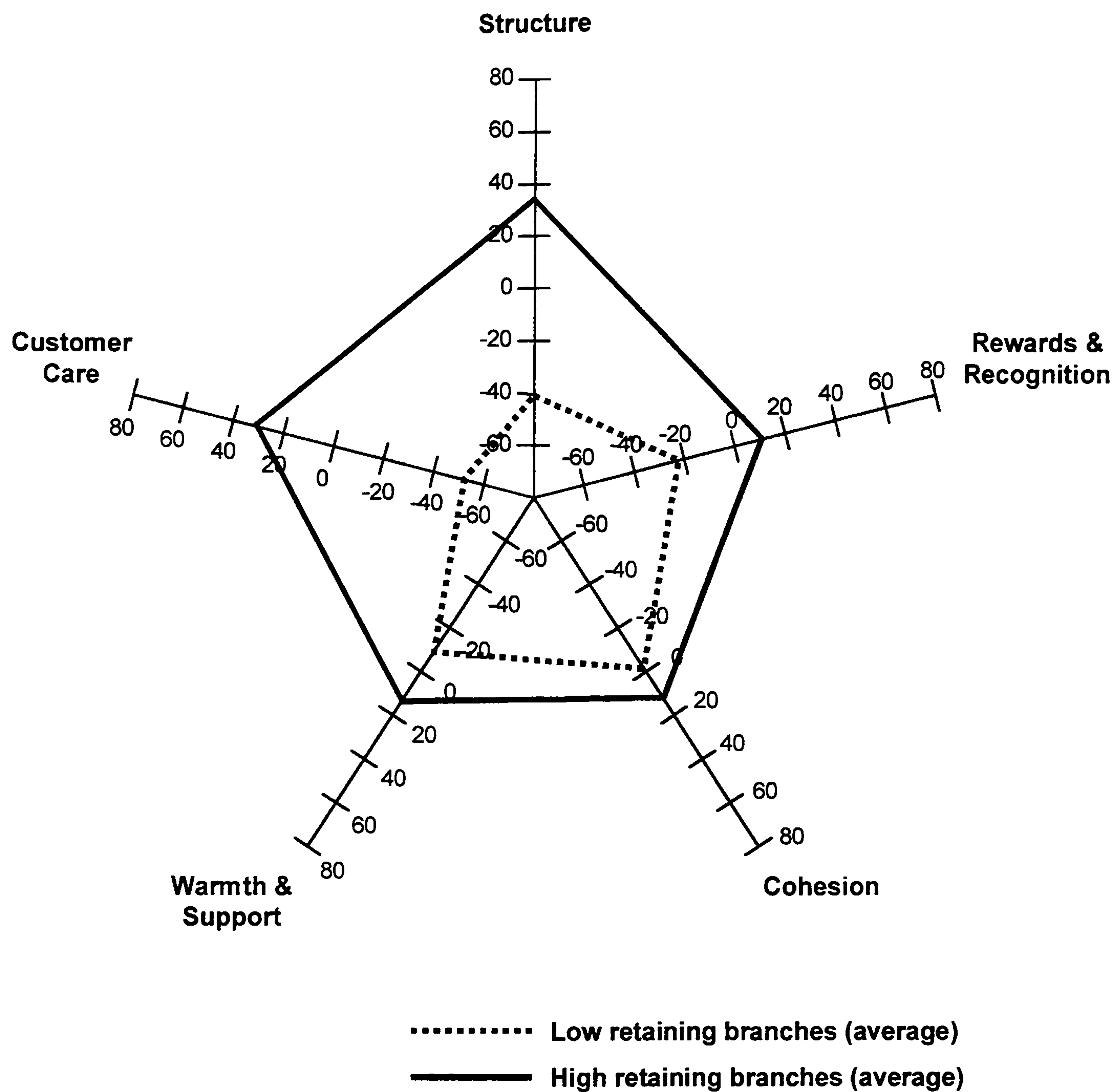
1. What are bank employees' perceptions of organisational climate in relation to customer care at the branch level?
2. How do bank employees' perceptions of organisational climate relate to customer retention at the branch level?

In order to address the two research questions it is intended to present the consolidated qualitative and quantitative data of employees' perceptions of climate at the branch level (Question 1) and to organise those findings around the customer retention rates of the high and low retaining branches (Question 2). This will identify the relationship between employees' perceptions of organisational climate and customer retention rates.

This section is divided into five parts, each part reviews specific climate themes and using the qualitative and quantitative data, identifies the similarities and differences for each of the climate dimensions across the three high and low retaining branches. The climate themes are summarised with a table relating to the specific climate theme and dimensions and the high and low retaining branches. As in the previous two chapters, the tables are based on data presented in Appendix H and provide a summary of the qualitative data for the climate dimensions for the specific climate theme for the six branches. It is not the intention of this section to repeat detailed analysis of each of the dimensions of the climate themes for the high and low retaining branches, (this was undertaken in the previous two chapters), but rather to highlight the main similarities and differences between the two sets of branches. This will establish cross-case generalisations and allow exceptions to emerge that can then be integrated into latter analysis (Glaser and Strauss, 1971).

Figure 6.1 profiles the average scores for the key climate themes for the three high retaining branches and contrasts them with the average scores for the key climate themes for the three low retaining branches. This was calculated in the same way as it was for the high and low retaining branches in Chapters 4 and 5 (see Sections 4.1.1 and 5.1.1).

Figure 6.1: Profile of organisational climate themes for high and low retaining branches



It can be seen from Figure 6.1 that whilst there are differences across each of the climate themes for the high and low retaining branches, some of the differences i.e. ‘customer care’ and ‘structure’ are more substantial than others.

6.2.1 Structure

Figure 6.1 highlights that the high retaining branches were different from the low retaining branches in terms of the climate theme of ‘structure’. This difference is made up from a number of differences across a series of climate dimensions for ‘structure’, such as, ‘communication’, ‘participation’, ‘organisation’ etc. Table 6.3 illustrates the key contrasts and similarities in terms of these climate dimensions between the high and low retaining branches.

Table 6.3: Summary of structure climate theme dimensions for high and low retaining branches

	High retaining branches			Low retaining branches		
Structure	1	2	3	4	5	6
Management roles	Roles were split between manager and assistant manager. However, in Branch 3 managers worked closely together and Branch 5 had an unusual structure.					
Communication	Staff perceived good, open communication between managers and staff.			Staff perceived closed communication between managers and staff and poor management visibility.		
Rules and procedures	Staff perceived flexibility in terms of rules and procedures.					Rigid rules and procedures
Rules between branches	Staff perceived that rules varied between branches.	No finding.		1 comment. Rules varied between branches.	No finding.	
Participation	Staff perceived they were involved in branch activities and decision making.			Staff perceived that they were not involved in branch activities and decision making.		
Autonomy	Staff perceived that they had autonomy about how to respond with respect to work procedures, goals and priorities.					Controlling mgt. style and low level of autonomy.
				Staff perceived the managers had abdicated responsibility for the branch.		
Role clarity	Staff perceived that they had clarity of job roles and responsibilities.			Staff perceived that they had a lack of clarity about job roles and responsibilities.		
Organisation	Staff perceived branches were well organised, neat and tidy and had good systems and procedures for serving the customers.			Staff perceived branches were badly organised, untidy with for example, dirty dishes in staff rest rooms.		
Staffing	Staff perceived branches did not have enough staff.			Staff perceived branches did not have enough staff – even more so.		
Pressure	Staff perceived that they and other members of staff were under little pressure with their respective jobs.			Staff perceived that they and other members of staff were under a lot of pressure with their respective jobs.		
Role variety	Staff perceived that they were able to vary their roles and responsibilities.			Staff not able to vary roles and responsibilities.	No finding.	Staff not able to vary roles and responsibilities.

It can be seen that in the high retaining branches, the staff perceived that they had good open communication and were very well organised, with the staff being clear about what was expected of them. The staff also perceived that they had flexibility regarding the rules and procedures relied upon in the branches and had autonomy about how to respond with respect to work procedures, goals and priorities. The staff also felt they were able to vary their roles and responsibilities and were able to participate in branch activities and decision making. Overall, it would seem that the staff were provided with clear guidelines about what was expected from them and that they were allowed flexibility and autonomy about how to do their job roles within that framework. As a result, there were only four reports of the staff perceiving that they and other members of staff were under pressure with their respective jobs.

In contrast, the staff in the low retaining branches perceived that they had closed communication between the staff and the managers and that the branches were badly organised. The staff were unclear about what was expected of them, their job roles, responsibilities or even how they were rewarded. The staff perceived that they were not involved in branch activities and decision making and two of the three low retaining branches did not rotate staff around different jobs.

In terms of rules, procedures and autonomy, the results were mixed across the low retaining branches. In two of the low retaining branches the staff perceived that they had autonomy about how to respond with respect to work procedures, goals and priorities and that they had flexibility regarding rules and procedures relied upon in the branches. However, this, plus the lack of clarity in their jobs, poor communications and poor organisation has resulted in the staff perceiving that their managers had abdicated responsibility to their staff and were not interested in the problems and issues that the staff had to deal with. In contrast, the staff in the third low retaining branch perceived that they had no flexibility regarding rules and procedures and no autonomy and that the management style was very controlling. As a result, the staff in the low retaining branches perceived that they and other members of staff were under a lot of pressure with their jobs. Next to the staff's perception that there was not enough staff in the branches, this was the climate dimension that was mostly commented on across all the low retaining branches.

Some of these qualitative findings regarding the 'structure' climate theme were supported by the quantitative research results, which showed significant differences between the high and low retaining branches. The extent to which employees perceived that rules and procedures were relied upon in the branch, was supported by the quantitative results, with the staff responses to Question 1. The question asked 'How essential do you feel it is to strictly follow all rules and procedures of the bank?' 94.2% of staff in the low retaining branches felt that it was 'very essential' to strictly follow the rules and procedures of the bank. This was despite the fact that in the qualitative research results two of the three low retaining branches perceived they had flexibility in terms of rules and procedures. In the high retaining branches only 79.2% of the staff felt that it was 'very essential' to follow the rules and procedures of the bank and 20.8% thought that it was 'somewhat essential'.

In the qualitative research results there was a substantial difference in the level of organisation between the high and low retaining branches. This level of organisation was also reflected in the quantitative results with the staff responses to Question 31 'The branch always has adequate supplies (deposit/withdrawal slips etc)'. 49.1% of staff in the high retaining branches reported that this was 'very true'. Whereas in the low retaining branches only 20.8% of the staff reported that this was 'very true'. There is, in fact, no reason why there should be a difference in the level of supply of stationery between the high and the low retaining branches unless the low retaining branches were not as well organised at ordering their supplies of stationery as the high retaining branches. If this was the case, it would very much support the qualitative findings that the low retaining branches were not as well organised as the high retaining branches.

In the qualitative research results, the staff in all six, high and low retaining branches perceived that the branches did not have an adequate number of staff. However, there were more comments from the staff in the low retaining branches than from the staff in the high retaining branches (see Appendix H). These findings were supported in the quantitative results. 80.8% of staff from the low retaining branches reported that it was 'not true' that 'The bank's management makes sure that each branch is adequately staffed' (Question 39). This was opposed to 58.5% of staff from the high retaining branches who reported that it was 'not true' and 37.7% of staff from the high retaining branches that reported that this was 'somewhat true'. Staff in the low retaining branches also perceived that the staff sent to the branches by personnel were not able to do their jobs. Specifically, 19.6% of the staff in the low retaining branches reported that it was 'not true' that 'The employees sent to us by personnel are able to do their jobs well' (Question 43). As opposed to only 3.9% of staff in the high retaining branches.

6.2.2 Rewards and recognition

Figure 6.1 highlights that the high retaining branches were different from the low retaining branches in terms of 'rewards and recognition'. Table 6.4 illustrates the key contrasts and similarities in terms of the climate dimensions for 'rewards and recognition' between the high and low retaining branches.

Table 6.4: Summary of rewards and recognition climate theme dimensions for high and low retaining branches

	High retaining branches			Low retaining branches		
Recognition & Rewards	1	2	3	4	5	6
Reward - PRC	Staff perceived they were highly rewarded and recognised in positive ways.					
	Staff received public rewards for excelling at customer service and received awards for TQM.					
Punishment	Staff perceived they were punished or received negative feedback for poor customer service provision or poor sales.					
	Problems dealt with swiftly and firmly and based on specific instances. Staff more rewarded than punished.			Staff perceived more rewarded than punished.	Staff perceived they are more punished than rewarded.	
Escape contingency	No finding.			'Escape' contingency	No finding.	'Escape' contingency
Avoidance contingency	No finding.		Avoidance contingency (1 person)	No finding.		
Extinction contingency	Staff perceived they were not recognised /appreciated.	No finding.		Staff perceived that they were not recognised or appreciated.		
Equity	Mixed results. Staff perceived that they were both fairly and unfairly treated.		Staff perceived that they were under-rewarded and unfairly treated in terms of rewards and recognition and distribution of workload.			
Goals	Staff perceived that the goals and performance standards were used as an effective way of controlling staff behaviour.					
	Branches used 'unofficial mystery shopper' programme and observations.			However, there were examples where they were considered to be ineffective.		

It can be seen that the staff in the high and low retaining branches perceived that they were rewarded and recognised in positive ways and that they were also punished or

received negative feedback for poor customer service provision or poor sales. However, on closer analysis it can be seen that the staff in the high retaining branches felt they were more rewarded than punished (see Appendix H). In particular, they were publicly recognised and rewarded for excelling at providing customer service. Also, if there were problems regarding the provision of poor customer service or poor sales, they were dealt with firmly and swiftly by the managers. In contrast, the staff in two of the low retaining branches, Branches 5 and 6 perceived that they were more punished than rewarded. However, the staff in Branch 4 perceived that they were more rewarded than punished.

In terms of the ‘extinction contingency’, which is the extent to which the staff perceived they received no reinforcement either positive or negative, the staff in the low retaining branches perceived this to be the case, whereas there was only evidence of this in one of the high retaining branches.

There were also differences between the high and low retaining branches in terms of ‘equity’, which is the extent to which employees perceive that they are being treated fairly in terms of rewards, recognition and appreciation. The staff in the low retaining branches perceived that they were under-rewarded and unfairly treated in terms of rewards and recognition, whereas the staff in the high retaining branches did not perceive this to be the case.

In the high and low retaining branches, goals and performance standards, including monitoring staff, were used as an effective means of controlling staff behaviour. However, in the low retaining branches, the goals and performance standards were not always considered to be effective. There was evidence that the staff sometimes only did what was necessary to achieve their targets and performed in a minimally acceptable ways to ‘escape’ or terminate being punished. The staff in the low retaining branches were heavily targeted to achieve sales results and it can be seen from the quantitative research data that 66% of staff felt that it was ‘very essential’ to meet sales quotas set by the bank management (Question 13). Whereas in the high retaining branches, only 45.3% of staff thought this was ‘very essential’ and 52.8% of staff thought that it was ‘somewhat essential’. (Note that the significance score for this question should be treated with caution as the minimum expected frequency is > 20% i.e. there are too few responses in some of the category cells).

6.2.3 Cohesion

In Figure 6.1 it can be seen that ‘cohesion’ was the climate theme which exhibited the least contrast between the high and low retaining branches. Even so, there were marked differences in ‘cohesion’ for the two sets of branches. This is illustrated in Table 6.5, which shows the key contrasts and similarities in terms of the climate dimensions for ‘cohesion’ between the high and low retaining branches.

Table 6.5: Summary of cohesion climate theme dimensions for high and low retaining branches

	High retaining branches			Low retaining branches		
Cohesion	1	2	3	4	5	6
Interaction among staff	Staff perceived a feeling of togetherness, pulling together and cohesion.			No finding.	Low perception of cohesion among the staff.	No finding.
Socialise	Staff perceived a high level of socialising among the staff.			Staff perceived some socialising among staff.		
Shared perception	Staff had a shared perception that the branches were not busy.		No finding.	No finding.		
Team	Staff perceived that they worked well together as a team.			No finding.		Mixed results. Staff perceived they did and did not work well together as a team.

‘Cohesion’ refers to the extent to which employees have a feeling of togetherness and cohesion within the organisation for each other and the group as a whole. The staff in the high retaining branches perceived that they interacted well with each other, socialised, worked as a team and for two of the branches, had a shared perception of how busy they were. This was in contrast to the perception of the staff in the low retaining branches. In the low retaining branches, there were very few comments relating to the cohesion dimensions. In one of the branches, staff perceived that they did and did not work well together as a team and there were only a few comments relating to socialising well with each other.

6.2.4 Warmth and support

Figure 6.1 highlights that the high retaining branches were different from the low retaining branches in terms of ‘warmth and support’. Table 6.6 illustrates the key contrasts and similarities in terms of the climate dimensions for ‘warmth and support’ between the high and low retaining branches.

Table 6.6: Summary of warmth and support climate theme dimensions for high and low retaining branches

	High retaining branches			Low retaining branches		
Warmth and support	1	2	3	4	5	6
Warmth and support among staff	Staff perceived that they provided each other with a lot of consideration, warmth and support and got on well together.			Staff perceived low level of warmth and support among the staff. No sense of family.		
Morale	High level of morale.			Low level of morale.		
Warmth and support by managers	Staff perceived that managers provided the staff with consideration, warmth and support and got on with each other and the staff.				Staff perceived that managers did not provide the staff with consideration, warmth and support.	
Trust management	No finding.			Staff perceived that they had a low level of trust for their managers.		No finding.
Warmth and support from head office/senior managers	Staff perceived that H/O and senior managers did not provide staff with warmth and support.	No finding.	Staff perceived that H/O and senior managers did not provide staff with warmth and support.	Staff perceived that head office and senior managers did not provide staff with consideration, warmth and support and did not get on well with them.		

The staff in the high retaining branches perceived that there was a substantial amount of ‘warmth and support’ among the staff, and from the managers to the staff. And although ‘morale’ was only specifically commented on once, it was apparent from the observations made whilst visiting the branches that there was a high level of motivation and morale amongst the staff.

In contrast, the morale in the low retaining branches was very poor. The staff were unhappy and members of staff spoke about leaving. Despite the low morale, staff did perceive that they provided each other with warmth and support, however, this was variable across the low retaining branches. Similarly, consideration, warmth and support from the managers was also variable across the low retaining branches and the staff made more comments on a low level of warmth and support from the managers than on a high level of warmth and support.

In terms of the quantitative research results and related to this issue of warmth and support from the managers, is the extent to which branch staff perceive that management feels it is essential ‘Having bank branches involved in community affairs’

(Question 8). Whilst there was no bank policy stating that the branches should be involved in community affairs, 75% of staff in the high retaining branches perceived that bank management felt that this was both ‘somewhat essential’ and ‘very essential’ to be involved in community affairs. This reflects the staff’s perception of a caring attitude not only to the staff but also to the community as a whole. However, in the low retaining branches 92.3% of staff perceived that bank management felt that this was both ‘not essential’ and ‘somewhat essential’, again reflecting the staff’s perception of the variable level of warmth and support from the managers to the staff in the branches.

Across five of the six branches, the staff perceived that head office and senior managers did not provide each other with consideration, warmth and support and did not get on well with the staff. It was only in one of the high retaining branches that this was not seen to be the case. The staff in head office were criticised for not having worked in branches and for not understanding the demands and pressures that staff have to work under in the branch. The staff in the low retaining branches also no longer trusted head office and did not feel they had the staff interests at heart.

6.2.5 Customer care

Figure 6.1 shows that the climate theme of ‘customer care’ accounted for the greatest difference between the high retaining branches and the low retaining branches. Table 6.7 illustrates the key contrasts and similarities in terms of the climate dimensions for customer care.

Table 6.7: Summary of customer care climate theme dimensions for high and low retaining branches

	High retaining branches			Low retaining branches		
Customer care	1	2	3	4	5	6
Practices and procedures for customer care	Staff perceived that there was a focus on practices and procedures in relation to customer care.			Mixed results. Staff perceived that there was a focus on practices and procedures in relation to customer care. However, perceived in both positive and negative ways. Practices ineffective in Branch 4.		
Impact of practices and procedures in relation to customer care, on staff's attitudes and behaviours	Practices / proced-ures perceived to impact on staff attitudes and behaviour in positive and negative ways.	No finding.	Practices / proced-ures perceived to impact on staff attitudes and behaviour in positive and negative ways.	Staff perceived that the focus on practices and procedures in relation to customer care had a negative impact on staff attitudes and behaviour.		

Sales practices and procedures	Staff perceived that there was a focus on sales practices and procedures.					
Sales for the benefit of the customers	Focus on sales practices and procedures was perceived to be for the benefit of the customers.					
Sales for the detriment of the customer	Focusing on sales perceived detrimental to the customers	Focusing on sales perceived not to be detrimental to the customers	Focusing on sales was perceived to be detrimental to the customers.			
Sales impact on staffs attitudes and behaviours	Sales had a negative impact on staff attitude & behaviour	Sales did not have a negative impact on staff attitude & behaviour	Sales had a negative impact on staff attitude & behaviour	Sales had varying degrees of negative impact on staff attitude & behaviour.		
Role conflict	Staff perceived that they experienced role conflict.	Staff perceived that they experienced no role conflict.	Staff perceived that they experienced role conflict.	Staff perceived that they experienced very little role conflict.		Staff perceived that they experienced role conflict.
Managt. and sales role conflict	No finding.			Mgt. experienced role conflict.	No finding.	Mgt. experienced role conflict.
Sales-service division	Staff perceived there to be no sales-service division.			No finding.	Mixed results.	Sales-service division.
Training	Staff perceived the training to be flexible & effective.			Varied feedback. Not enough training and too little time devoted to it. Training perceived to be effective. Also ineffective, flexible, rigid and interactive in Branch 4.		
Innovative initiatives	TQM initiative perceived to be active and effective. Starburst initiative perceived to be active and effective.			TQM perceived to be inactive and ineffective. 'Starburst' initiative mixed results.		
Service quality	Staff perceived there was a high level of service quality.		No finding.	Staff perceived there was a low level of service quality.		
Customer care	Staff perceived there was a high level of customer care.			Staff perceived there was a low level of customer care.		

Customers treated equally	Staff perceived that customers were treated equally regardless of their value to the bank.			Staff perceived that customers were not treated equally and that their level of treatment depended on their value to the bank.
Customer retention practices	Staff perceived that there was an active attempt to retain customers and foster customer loyalty.			Staff perceived that there was very little attempts to retain customers for the bank and that it largely depended on the value of the customers business.
Head office practices and procedures	H/O practices and procedures perceived to impact in a negative way on customer care	Only 1 comment regarding a negative impact	H/O practices and procedures perceived to impact in a negative way on customer care	H/O practices and procedures were perceived to impact in a negative way on customer care in the branches.

The quantitative research results showed there was close similarity between the high and low retaining branches for the following question: ‘The branch manager sets definite quality standards for good customer service’ (Question 27). The staff in both the high and low retaining branches felt that this is both ‘very true’ and ‘somewhat true’. Yet despite this, the qualitative research results for the high and low retaining branches were different for the climate theme of customer care.

The staff in the high retaining branches recorded a genuine interest in and cared for their customers. The service quality in the branches was good and there was a focus on practices and procedures in relation to customer care in the branches. This was supported by the quantitative research results which showed a significant difference between the low and high retaining branches in the staff’s responses to Question 16: ‘Showing personal concern for any customers’ banking problems’. 83% of staff in the high retaining branches perceived that bank management felt this was ‘very essential’. Whereas in the low retaining branches, 71.7% of staff perceived that bank management felt this was ‘very essential’. (Note that the significance of this question should be treated with caution as the minimum expected frequency is > 20% i.e. there are too few responses in some of the category cells).

The level of customer care was reflected in the staff’s perception that there was an active attempt to retain customers in the branches and the staff were clear about the procedures they should go through if someone wished to close their account. Staff perceived that customers were treated equally regardless of their value to the bank.

This was in stark contrast to the staff perceptions in the low retaining branches where there was a general lack of focus and interest in the customers. The staff seemed to do only what was required to meet their targets and no more. Service quality was poor and the extent to which staff perceived there was a negative focus on practices and procedures in relation to customer care in the branches, was greater, in terms of

numbers of comments, than in the high retaining branches (see Appendix H). The low level of customer care in the branches was reflected in the staff's perception that there was very little attempt to retain customers in the branches and no standard practices and procedures were used for trying to retain customers should they wish to close their accounts. Customer retention was either not practised or depended on the value of the customer to the bank. Staff, therefore, perceived that customers were not treated equally regardless of their value to the bank. This supported the quantitative research results. In answer to the question 'Giving customers special treatment if they have a large balance in their account' (Question 4), 64.2% of staff in the high retaining branches felt that it was 'somewhat essential' and only 13.2% felt it was 'very essential'. Whereas in the low retaining branches, 34% of staff thought that it was 'very essential' as opposed to only 39.6% of staff who felt it was 'somewhat essential'. In response to the question 'We single out some customers for special attention in my branch' (Question 29), 11.3% of staff in the low retaining branches reported that this was 'very true'. Whereas only 3.8% of staff in the high retaining branches reported that this was 'very true'.

Staff perceived the training in the high retaining branches as flexible and effective, whereas in the low retaining branches staff perceived the training to be effective, but varied across the branches, with staff in some branches thinking there was not enough training or too little time spent on it. In all six branches, the staff had attended the TQM and Starburst training programmes. However, the response to these initiatives from the staff in the branches varied. In the high retaining branches, the staff had taken these initiatives very seriously and supported them wholeheartedly, even developing and adapting the techniques in new and creative ways. In the low retaining branches, the TQM initiative was universally considered to be inactive and ineffective in improving service quality in the branches and as a result was no longer supported by the staff. The Starburst initiative also had mixed levels of support across the branches with only one branch commenting that it was active and effective, although there were no visible signs of it being in operation in the branch.

The staff in the high and low retaining branches perceived that there was a focus on sales practices and procedures in relation to customer care in the branches. Whilst the staff in all six branches perceived that there were some benefits to the customer for focusing on sales, there were more than twice as many comments from the staff perceiving that focusing on sales was detrimental to the customers. However, on closer analysis it can be seen that those comments were coming from five of the branches, with one of the high retaining branches not commenting on a detrimental impact for the customers. It can also be seen that the staff in the high retaining branches commented more on their perception that focusing on sales was for the benefit of the customers as well as to the detriment of the customer (see Appendix H).

As already discussed, the staff in the high retaining branches expressed a desire to provide a high level of customer care for their customers, but were also required to contribute towards sales targets. As a result, the staff in two of the three high retaining branches perceived that focusing on sales had a negative impact on staff attitude and behaviours and also led to role conflict. It was only in Branch 2 that the staff did not perceive this to be the case. The manager of this branch seems to have been able to

communicate to his staff that focusing on the needs of the customer and selling products, which are beneficial to them, is helpful to the customers in the long term.

In the low retaining branches, staff also perceived that focusing on sales practices and procedures had a negative impact on staff attitudes and behaviours. However, on closer analysis it can be seen that it is only in Branch 6 that this is really the case. In Branch 4 only the newly appointed customer services manager perceived this to be the case and in Branch 4, focusing on sales practices and procedures only had a very small impact on staff attitudes and behaviours. Like the high retaining branches, these results were also reflected in the level of role conflict experienced by the staff and by the managers. Therefore, it was Branch 6 where the staff perceived that they experienced role conflict and felt that they were being pulled in different directions in terms of customer care and selling.

The staff in the high retaining branches perceived that there was no or very little sales and service division in the branches. Whereas, in two of the three low retaining branches the staff did perceive that the sales, service division did impact on staff attitudes and behaviour in a negative way.

All the low retaining branches perceived that head office practices and procedures had a negative impact on customer care in the branches. This was also true for two of the three high retaining branches.

6.3 Summary – High and Low Retaining Branches

The previous section has reviewed the qualitative and quantitative research results for the high and low retaining branches and has compared and contrasted the key climate themes across the two sets of branches. It has been shown that in terms of the climate themes and dimensions there are similarities and differences between the high and low retaining branches. Table 6.8 illustrates this by ranking the top ten climate dimensions that were most frequently commented on by the staff in the qualitative research results, for the high and low retaining branches.

Table 6.8 Ranking of the top ten climate dimensions for the high and low retaining branches

High retaining branches	Low retaining branches
<ul style="list-style-type: none">• Staff rewarded• Flexible rules and procedures relied upon in the branches• Goals effective as a means of controlling staff behaviour• Innovations effective• Innovations active• Customer care high• High consideration, warmth and support among staff• Open communications between staff and managers• High consideration, warmth and support by managers• Well organised branches	<ul style="list-style-type: none">• Not enough staff• Staff highly pressured• Punishment• Treated unfairly in terms of rewards and recognition• Low warmth and support from head office and senior managers• Under-rewarded in terms of recognition and rewards• Low warmth and support by managers• High sales orientation• Focus on practices and procedures in relation to customer care to the detriment of the customer• Sales practices impact negatively on staff attitude and behaviours

It can be seen that the high retaining branches have a positive profile of rewards, flexible rules and effective goals, where the focus is on the customer and where there is warmth and support among the staff and from the managers to the staff. The branches are well organised, with open communication and an emphasis on innovation. In contrast, in the low retaining branches, the perception is that there are not enough staff, the staff are highly pressurised in their jobs, they are punished and treated unfairly in terms of rewards and recognition. Warmth and support from head office and by managers is considered to be low and the sales orientation in the branches not only has a negative impact on the attitudes and behaviours of the staff but also is detrimental to the customers.

Whilst there were differences between the high and low retaining branches in terms of organisational climate themes and dimensions, within each of the high and low branch groupings there were also differences. For example, in the high retaining branches, Branch 2 stands out as being slightly different to the other two branches (see Section 4.2.6) and in the low retaining branches, Branch 6 stands out as being slightly different to the other two branches (see Section 5.2.6). The next chapter, in formulating the conclusions for the thesis will examine some of these similarities and differences in terms of the study’s contribution to knowledge.

7 FINDINGS AND DISCUSSION

The previous chapter addressed the two research questions proposed in Section 2.3 and compared and contrasted the key climate themes across the high and low retaining branches. This chapter takes this analysis and addresses the study's contribution to knowledge. The chapter is divided into three sections. Section 7.1 considers the study's contribution to knowledge, Section 7.2 examines themes, which have emerged from the data analysis and Section 7.3 summarises the chapter.

7.1 Contribution

In Chapter 2, it was argued that there have been no studies which have examined the relationship between organisational climate and customer retention rates in a specific service setting and that little was known about how employees perceive organisational climate in relation to customer care at the branch level. Although the literature review identified empirical studies that analysed employees' perceptions of practices and procedures in relation to service in a retail bank setting (Schneider, Parkington and Buxton, 1980; Schneider and Buxton, 1985), there were a number of limitations to these studies (see Section 2.3.2):

- a) Most of the research work conducted on organisational climate used a positivist approach and quantitative research methods that relied heavily on dimensions or typologies to empirically measure climates.
- b) Previous results had been aggregated across a number of branches and there was no analysis of the relationship between employees' perceptions of organisational climate and customer retention at a specific bank branch level.
- c) There was also no independent measure of branch performance, such as the branch customer retention rate.

In reviewing more recent literature on organisational climate it can be seen that research has evolved in three main directions:

- (i) In the development of descriptions for organisational climate, generic climate maps (Sparrow and Gaston, 1996) and collective climates (Patterson, Payne and West, 1996; Young and Parker, 1999).
- (ii) In the development of strategically focussed climate measures. For example, Anderson and West's (1998) study on climate for innovation within groups at work. Hemingway and Smith's (1999) study on organisational climate and occupational stressors as predictors of withdrawal behaviours and injuries in nurses.
- (iii) In the continued development of empirically based studies using positivist approaches and quantitative research methods to measure climates (for example, Anderson and West, 1998; Hemingway and Smith, 1999; Young and Parker, 1999).

Behind these alternative approaches to the theory of organisational climate there is a need for enquiry which examines the relationship between employees' perceptions of organisational climate and customer retention in a specific service setting. This research has, therefore, built on the theory of organisational climate in a service setting, as originally developed by Schneider, Parkington and Buxton (1980), Schneider and Buxton (1985) and later extended by Kelley (1992) and Schneider, White and Paul (1998) and tried to avoid some of the limitations that were identified with previous studies. This has been achieved by adopting a different methodology. This methodology focused on a predominantly qualitative research approach to the study of organisational climate to reveal '...“thick descriptions” that are vivid, nested in a real context, and have a ring of truth that has a strong impact on the reader' (Miles and Huberman, 1994: 10). This research has also used an independent measure of customer retention for each of the six bank branches chosen for the study and has not aggregated the results across the branches, but analysed them at a specific branch level.

As a result, there are two main contributions to knowledge:

- 1. There is a relationship between employees' perceptions of organisational climate and customer retention rates at a micro-organisational level.**

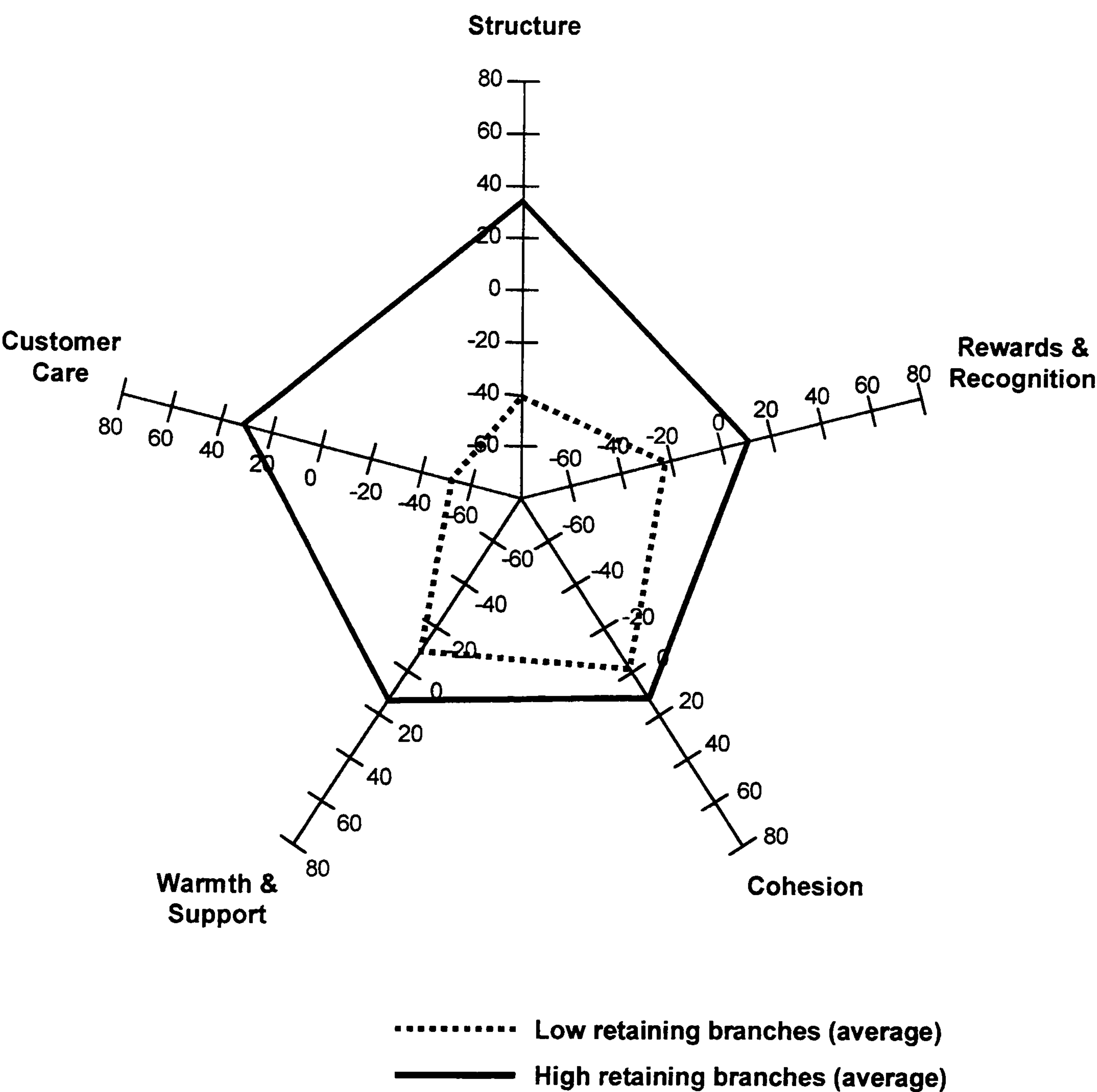
The main contribution to knowledge made by this thesis is the relationship between employees' perceptions of organisational climate and customer retention at the bank branch level. Whilst this research builds on previous work by Schneider, Parkington and Buxton (1980) and Schneider and Bowen (1985) there have been no previous studies which have examined this relationship in a specific service setting. This study has shown that climate is a 'micro' phenomenon, which is sensitive to localised practices and procedures within the bank branch. It is also sensitive to management styles and behaviours in the branch (see Sections 7.2.2 and 7.2.3) and therefore can only be managed by engaging with this level of the organisation. This is in line with recent developments in resource-based theory (RBT). This stresses that heterogeneity, and idiosyncrasies between similar (competing) firms, stem from human or cultural resources within a firm which can be the source of above normal returns (Barney, 1986; Castanias and Helfat, 1991; Wernerfelt, 1989). According to Bowman and Ambrosini (2000: 6) this explains why some firms outperform others as the differences are the result of resources which are able to perform variably within the firm and 'The only resource that is capable of performing heterogeneously across competing firms is people'.

- 2. There are certain dimensions of organisational climate that are critical to customer retention and others which are less critical or irrelevant.**

This study has also identified how employees perceive organisational climate in relation to customer care at the branch level. Organisational climate has been categorised and sub-divided into five key themes: 'structure', 'rewards and recognition', 'cohesion', 'warmth and support' and 'customer care'. These five themes, together with their dimensions, can be used to map the organisational climate of the branches in relation to their customer retention rates. Figure 7.1 (presented earlier in Chapter 6 as Figure 6.1) provides a visual representation of the differences across each of the climate themes for

the high and low retaining branches. It also highlights that some themes, such as ‘structure’ and ‘customer care’ are identified as substantially different between the high and low retaining branches. A key contribution to knowledge made by this study is, therefore, understanding which of the climate dimensions are critical to customer retention and which are irrelevant and have a marginal relationship to customer retention at the branch level.

Figure 7.1: Profile of organisational climate themes for high and low retaining branches



The next five sections will address each of the climate themes and identify those dimensions within the themes that are considered to be critical to customer retention and those which are not.

7.1.1 Structure

As discussed in Section 6.2.1, ‘structure’ is one of the climate themes, which was identified as substantially different between the high and low retaining branches. The

key dimensions in terms of 'structure' which were identified from the analysis and which are now identified as critical within this climate theme are: 'communications', 'rules and procedures', 'staff participation', 'autonomy', 'role variety', 'organisation', 'role clarity' and 'pressure'. Aspects of these dimensions lend support to Likert's (1961, 1967) *participative-group oriented* style of management which focuses on open communication channels, responsibility and initiative and broad participation in the goal-setting processes for the high retaining branches. For the low retaining branches, Likert's (1961, 1967) *exploitive-authoritative* style of management was reflected in closed communication and a lack of involvement and participation in branch activities and decision making.

Within these styles of management, it can be seen that participation was a key differentiator between the high and low retaining branches. Previous research has shown that positive outcomes for participation or employee involvement were lower in organisations that experienced middle management resistance to employee involvement than those that did not. Middle managers, or in this case branch managers, may resist such practices in response to threats to self interest such as job loss or because of a lack of congruence between organisational systems and structures and the goals of involvement and divided or unclear management support (Fenton-O'Creevy, 1998). This research study provided tentative support to this previous research by showing that employees in the high retaining branches perceived that there was a high level of participation in branch activities and decision making with no evidence of middle management resistance to their involvement. In contrast, employees in the low retaining branches perceived that there was less participation in branch activities. However, it is not known to what extent that is because of the branch manager's resistance to involvement and what form that resistance takes.

'Organised branches' and 'role clarity' were also seen to be key climate dimensions, which distinguished the high and low retaining branches. Support for these dimensions was not only found in early research amongst management scientists, for example Weber (1947) but also amongst climate researchers Gavin and Howe (1975) and Moos (1986). According to Porter and Lawler (1968) as part of their 'Expectancy Theory', clear perceptions of job roles ensures that employees focus their efforts correctly, where it will be most effective and where they will perform the correct behaviours. Whereas an unclear perception of job roles ensures that employees deploy their efforts unproductively which does not contribute to effective job performance.

Other dimensions, which were seen to show a difference between the high and low retaining branches, were 'pressure' and 'role variety'. In the low retaining branches staff perceived they and other members of staff were under pressure in their respective jobs. This supports research findings that also showed negative outcomes for work pressure (Hemingway and Smith, 1999; House and Rizzo, 1971; Koys and DeCotiis, 1991; Moos, 1986). In terms of 'role variety' previous research has shown that bank managers asking cashiers to perform a larger variety of tasks leads to stress, if the bank management fails to clearly define what it expected of them (Kelley, 1990). In this research, however, there was no evidence that the staff were becoming more stressed by performing a variety of tasks. On the contrary the staff in the high retaining branches perceived they were able to vary their roles and responsibilities and were also less pressured than the staff in the low retaining branches. They did, however, also

have greater role clarity in terms of what was expected from them. In contrast, the staff in the low retaining branches perceived that they were not able to vary their roles and perceived that they and other members of staff were under pressure with their respective jobs. They also perceived that they had less role clarity in their respective jobs.

In terms of 'autonomy' for the low retaining branches the findings were not as conclusive as they were for the high retaining branches (see Section 7.2.2). Two dimensions that have not been included within the climate theme as showing a substantial difference between the high and low retaining branches are 'staffing' and 'staffing equity'. The staff across all six branches perceived that the branches did not have an adequate number of staff. Although there were more comments from the low retaining branches than the high retaining branches, there was not considered to be enough of a difference to include this dimension as a key differentiator between high and low retaining branches. With respect to 'staffing equity' there was only one comment that referred to this dimension and any reference to inequity has been included in the climate theme on 'rewards and recognition'.

7.1.2 Rewards and recognition

Section 6.2.2 highlighted that 'rewards and recognition' was one of the climate themes seen to be different between the high and low retaining branches. The key dimensions in terms of 'rewards and recognition' which were identified from the analysis and which are now included within this climate theme are: 'rewards contingency', 'punishment contingency', 'escape contingency', 'equity' and 'goals'.

It would appear that for the high and low retaining branches it is the balance of rewards to punishments that is important. The staff in the high retaining branches felt more rewarded than punished, which supports previous research by Bergiel and Trosclair (1985) which shows that there are many positive consequences associated with rewards. The rewards in the high retaining branches were also more closely tied to the behaviours that the branch manager was seeking to develop such as customer care, which supports previous research by Hartline and Ferrell (1996). There was also evidence in the high retaining branches that when staff were punished or given negative feedback it was done swiftly and firmly and based on specific instances of poor performance. This supports previous research work by Podsakoff, Todor and Skov (1982). Their research shows that contingent punishment, that is punishment that is delivered based upon specific standards for the subordinate's poor performance or unacceptable behaviour, is more effective and more satisfying to subordinates than noncontingent punishment, or punishment that is delivered arbitrarily. In contrast, there was no evidence from the staff in the low retaining branches that their poor performances was dealt with quickly and firmly. Staff in two of the low retaining branches perceived that they were more punished than rewarded which is not considered to be the most effective way of changing behaviour (Estes, 1944).

'Equity' was also considered to be a key dimension that should be included within the climate theme as distinguishing the high and low retaining branches. Staff in the low retaining branches perceived themselves to be more under-rewarded and more unfairly treated than those staff in the high retaining branches perceived themselves to be. This

would support previous research by Adams (1965) that showed that when a perceived state of inequity exists it could lead to, for example, absenteeism, employee turnover and low productivity. Although there were no independent measures of these for the low retaining branches, it was known that staff had left and wanted to leave because they were dissatisfied with working for the bank. Adams (1965) also showed that when inequity occurs people tend to feel dissatisfied and angry and want to correct the imbalance. According to Adams (1965) there are six methods which help explain how people reduce inequity. Of those six methods, evidence was found of three of them amongst the low retaining branches, namely:

- (i) People may alter their inputs i.e. some staff who perceived themselves to be under-rewarded reduced their efforts.
- (ii) People may distort the inputs and outputs of others i.e. some of the sales and service staff perceived that they worked harder than each other.
- (iii) People may decide to leave if they perceive that it is not possible to change the inequity i.e. some staff spoke about people who had left and their desire to leave.

The *effective* use of goals and/or performance standards as a means of controlling staff behaviours was seen as a key dimension identified in the climate theme of ‘rewards and recognition’ as distinguishing between high and low retaining branches. However, it is the *effective use of goals* as perceived by the staff, which is the differentiator and not just the goals per se. Research studies suggest that strategically focused climate measures produce stronger relationships with specific organisational outcomes than less-focused measures (for example, Anderson and West, 1998; Schneider and Bowen, 1985). In this research the focus in the high retaining branches was clearly on customer care and that the goals and performance standards reflected this in the branches. The staff were monitored on a regular basis and given immediate feedback on their performance and as a result, the staff perceived the goals and performance standards to be effective as a means of controlling staff behaviour. However in the low retaining branches the goals were mostly concerned with achieving sales targets, although there were some for customer service. There were a number of examples where the staff considered the goals and performance standards to be ineffective and did not reward them for the work they did. Therefore, the staff either ‘sabotaged’ achievement of the goals or performed in a minimally acceptable way to achieve their targets.

‘Escape contingency’ (Widrick, 1988) has been included as a key dimension which distinguishes the high retaining branches from the low retaining branches. However, it was only found to be relevant for the low retaining branches, where the staff only did what was necessary to achieve their targets and performed in a minimally acceptable way to ‘escape’ or terminate being punished.

Two dimensions, which have not been included within the ‘rewards and recognition’ climate theme as they did not show evidence of a substantial difference between the high and low retaining branches, are ‘extinction contingency’ and ‘avoidance contingency’.

7.1.3 Cohesion

In Section 6.2.3 it was discussed that the climate theme of ‘cohesion’ exhibited the least contrast between the high and low retaining branches. Even though the contrast between the two sets of branches is not great there are still marked differences between the dimensions. The key ‘cohesion’ dimensions which were identified from the analysis and which have been identified within this climate theme are: ‘interaction among staff’; ‘socialise’; ‘shared perception’ and ‘team’.

Previous research into the relationship between cohesiveness and performance has produced mixed results (Stogdill, 1972). However, the data from this study supports previous research which shows that cohesive groups generally achieve better results than non-cohesive groups (Williams and Hacker, 1982). This could be because a factor influencing group cohesiveness is agreement on group goals. Groups tend to be more cohesive when employees agree on the purpose and direction of the group’s activities. Cohesive groups would only expect to be highly productive if the groups norms support high productivity and are consistent with the organisation’s goals (Cherrington, 1994). As described above, the staff in the high retaining branches were clearly focused on group goals of customer care and the goals and performance standards reflected this in the branches. As a result there was evidence of cohesion in the high retaining branches with the staff perceiving they interacted well, socialised with each other, had a shared perception and worked well as a team. This finding is in line with George and Bettenhausen’s (1990) findings that group cohesiveness was positively related to customer service. In contrast, the lack of cohesion in the low retaining branches could be because the staff had minimal interest in each other, the group goals did not appear to support a common focus and direction or both.

7.1.4 Warmth and support

In Section 6.2.4, it was shown that the climate theme of ‘warmth and support’ was one of the climate themes where there was a marked difference between the high and low retaining branches. The key dimensions that were identified are: ‘warmth and support among staff’, ‘morale’, ‘warmth and support by managers’ and ‘trust management’.

The data from this research supports previous research, which shows that ‘warmth and support’ has an important positive influence on human behaviour (Halpin and Winer, 1957; Likert, 1961; McGregor, 1960; Vroom, 1964). Likert (1961) argues that the creation of a ‘supportive atmosphere’ is the most important prerequisite for the establishment of his ideal organisational system. The staff in the high retaining branches perceived a high level of warmth and support among the staff and from the managers to the staff. Morale was also considered to be good, although only specifically mentioned once. However in the low retaining branches morale was poor, with a low level of warmth and support among the staff and from the managers to the staff. The staff also perceived that they had a low level of trust for their managers.

The climate dimension of ‘warmth and support’ from head office and senior managers’, has not been included within the climate theme of ‘warmth and support’ as

with the exception of Branch 2 the results showed no differentiation between the high and low retaining branches.

7.1.5 Customer care

Section 6.2.5 shows that the results of the climate theme of ‘customer care’ demonstrated the greatest difference between the high and low retaining branches. The key dimensions in terms of ‘customer care’ which were identified from the research within this climate theme are: ‘practices and procedures in relation to customer care’, ‘impact of practices and procedures on staff attitudes and behaviours’, ‘sales-service division’, ‘training’, ‘innovative initiatives’, ‘service quality’, ‘customer care’, ‘customers treated equally’, and ‘customer retention practices’.

‘Service quality’, ‘customer retention practices’ and ‘customers treated equally’ have been identified as three ‘customer care’ dimensions which should be included within this theme as they showed a difference between the high and low retaining branches. Previous research by Schneider, Parkington and Buxton (1980) and Schneider and Bowen (1985) had also isolated these dimensions. Their research showed that when measuring the first dimension of ‘service quality’, there was a strong correlation between employees’ perception of service quality and customer perception of service quality. This research, whilst not considering the customer perspective of service quality except through the independent measure of customer retention, shows that there is a relationship between employees’ perceptions of service quality and customer retention rates at the branch level. Previous research has also shown that managers who are personally committed to service quality are more likely to engage in activities that improve service quality for the organisation (Hartline and Ferrell, 1996). Support was found for these findings in this research which showed that managers in the high retaining branches were fully supportive of the service quality initiatives unlike the managers in the low retaining branches. Whilst the climate dimension of ‘customer care’ was not specifically addressed in the Schneider studies, it too distinguishes between the high and low retaining branches and provides an accurate reflection of the nature of the dimension.

When measuring the remaining two dimensions of ‘customer retention practices’ and ‘customers treated equally’, Schneider, Parkington and Buxton’s (1980) and Schneider and Bowen’s (1985) research showed that if employees perceived that there was an active attempt to retain customers in the organisation, then it was likely that this would be reflected in employee behaviour to provide customers with a high level of service quality. In this study, the branches where this was the case were the branches that had high customer retention rates. In contrast, in the Schneider studies, if employees perceived that the organisation did not value retaining customers, then it was likely that the employees would not focus on providing high levels of service quality in an effort to foster customer loyalty. In this study the branches where this was the case were the branches that had low customer retention rates. This research has, therefore, extended the work of Schneider and his colleagues by demonstrating the relationship between these climate dimensions discussed above and the actual retention rates of the branches.

This study has also extended Schneider's work by examining the relationship between 'employees' perceptions of practices and procedures in relation to customer care' and in terms of the impact on 'staff attitudes and behaviours'. In doing so, it has identified a relationship between 'employees' perceptions of practices and procedures in relation to customer care' for the high and low retaining branches and the impact of 'practices and procedures in relation to customer care' on 'staff attitudes and behaviour' just for the low retaining branches.

'Sales-service division', whilst included as a dimension within the 'customer care' theme (because it considers the division between the sales and service people in the branch and how it impacts on staff attitude and behaviour), this dimension could be equally well placed within the 'cohesion' climate theme. However, for the purposes of this research, it has been included within 'customer care'. 'Sales-service division' has been included as a key dimension, which distinguishes the high retaining branches from the low retaining branches. However, it was only found to be relevant for the low retaining branches where the staff perceived that the split between the staff had a negative impact on staff behaviour and attitudes. This would support the previous discussion relating to 'cohesion' in the low retaining branches, which highlighted that non-cohesive groups achieve worse results than cohesive groups (William and Hacker, 1982).

Training has also been identified as a 'customer care' dimension that distinguishes between high and low retaining branches. Previous research by Zeithaml, Berry and Parasuraman (1988) has shown that training programmes can lead to positive outcomes for employees, including:

- Teamwork
- Employee-job fit, which is the ability of employees to perform a job
- Technology-job fit, which is the appropriateness of the 'tools' for the employee and the job
- Perceived control, which is the degree of flexibility employees have in dealing with customers. Without this control, stress may increase and performance decrease
- Avoidance of role conflict
- Avoidance of role ambiguity

This research has provided partial support for Zeithaml and her colleague's findings and has extended their work showing a relationship between training and customer retention. It has shown that the staff in the high retaining branches perceived the training to be flexible and effective and there was also evidence of teamwork, autonomy, role clarity and low levels of role conflict in two of the three high retaining branches. In contrast, the staff in the low retaining branches perceived there was not enough training and too little time being spent on training. In these branches there was little evidence of teamwork, unclear roles, autonomy in two of the three low retaining branches and role conflict in one of the three low retaining branches.

'Innovative initiatives' have also been identified as a 'customer care' dimension which should also be included within this theme as distinguishing between the high and low

retaining branches. Previous research has also shown that creativity and innovation can be facilitated by a stimulating and supportive organisational climate and by knowing that ideas are valued. (Schroeder et. al., 1989; West, 1990) and by providing flexibility and autonomy needed to explore ideas and test them (Lin, Madu and Kuei, 1999). Another strategy for increasing creativity and innovation is setting appropriate goals and deadlines (Shalley, 1991). This research has shown that the high retaining branches have a more cohesive and supportive climate, they have autonomy and flexibility regarding 'rules and procedures' relied upon in the branches and there is a positive climate that supports innovative initiatives that contribute to customer care. In contrast, an oppressive organisational climate, punitive supervision and excessive criticism of mistakes can inhibit creativity and innovation. It can also be inhibited by a rigid organisation, which relies highly on formalised rules, policies and procedures that may discourage or prevent employees from studying the problems or generating new alternatives. This research has shown that staff in low retaining branches feel more punished than rewarded and in terms of 'rules and procedures' relied upon in the branch do not have the same degree of flexibility as the high retaining branches.

Three dimensions where the findings from the analysis do not identify differences between high and low customer retention rates at branches are: 'sales impact on staff attitudes and behaviour', 'role conflict' and 'management and sales role conflict'. Discussion relating to these dimensions is presented in Section 7.2.1.

Four dimensions, which have not been included within the 'customer care' climate theme, because they do not show a substantial difference between high and low retaining branches are: 'sales practices and procedures', 'sales for the benefit of the customer', 'sales for the detriment of the customer' and 'head office practices and procedures'.

The foregoing discussion has highlighted which of the climate dimensions are critical to customer retention and which do not help to distinguish between high and low retention rates at the branch level. Table 7.1 summarises the key climate themes and dimension for customer retention and provides a framework that is not only accessible to researchers and practitioners, but is also distinct and complete. It also shows how there are four dimensions which are particular to a climate for low retaining branches, namely: 'equity', 'trust management', 'impact of practices and procedures on staff attitudes and behaviours' and 'sales-service division'.

Table 7.1 Climate themes and dimension in high and low retaining branches

High retaining branches	Climate themes and dimensions	Low retaining branches
Open Flexible High High Organised Clear Low	Structure: <ul style="list-style-type: none">▪ Communications▪ Rules and procedures▪ Staff participation▪ Role variety▪ Organisation▪ Role clarity▪ Pressure	Closed Rigid Low Low Not organised Unclear High
More rewards than punishment Not present N/A Effective	Rewards and recognition: <ul style="list-style-type: none">▪ Rewards contingency▪ Punishment contingency▪ Escape contingency▪ Equity▪ Goals	More punish. than rewards Present Inequity Ineffective
High High Shared perception High	Cohesion: <ul style="list-style-type: none">▪ Interaction among staff▪ Socialise▪ Shared perception ▪ Team	Low Low No shared perception Low
High High High N/A	Warmth and Support: <ul style="list-style-type: none">▪ Warmth and support among staff▪ Morale▪ Warmth and support by managers▪ Trust management	Low Low Low Low
High N/A N/A Effective and flexible Active/effective High High Yes Active attempt	Customer care: <ul style="list-style-type: none">▪ Practices and procedures in relation to customer care▪ Impact of practices and procedures on staff attitudes and behaviours▪ Sales-service division▪ Training ▪ Innovative initiatives▪ Service quality▪ Customer care▪ Customers treated equally▪ Customer retention practices	Low Negative Yes Not enough training/too little time spent on it Inactive/ineffective Low Low No No active attempt

Although this research used a dimensional approach to the analysis of organisational climate, it should be stressed that it would be misleading to isolate individual dimensions and argue that they are related to customer retention. It is the climate themes and dimension *taken together* which form the climate for ‘customer care’ in this climate setting. To repeat the quote by Poole (1985: 90) in Chapter 2:

‘....assuming that dimensions are the essence of climate is misleading; climates are totalities consisting of coherent configurations of attributes. Breaking dimensions out of these wholes is a viable strategy for research - it aids in the discovery of new types and enables statistical comparisons among types. However, it does violence to the representation of climate, because there is more to a type than dimensional or attribute lists can encompass’.

By adopting a predominantly qualitative approach to this research, it has enabled a deeper understanding of the interactions and relationships between the various climate themes and dimensions and customer retention that would not be easily acquired in a quantitative study.

Having established that there is a relationship between employees’ perceptions of organisational climate and customer retention at a micro-organisational level, the next section follows a more detailed examination of the differences between the branches. It highlights themes that have emerged from the data analysis and which also add to our understanding of these processes.

7.2 Emergent Themes

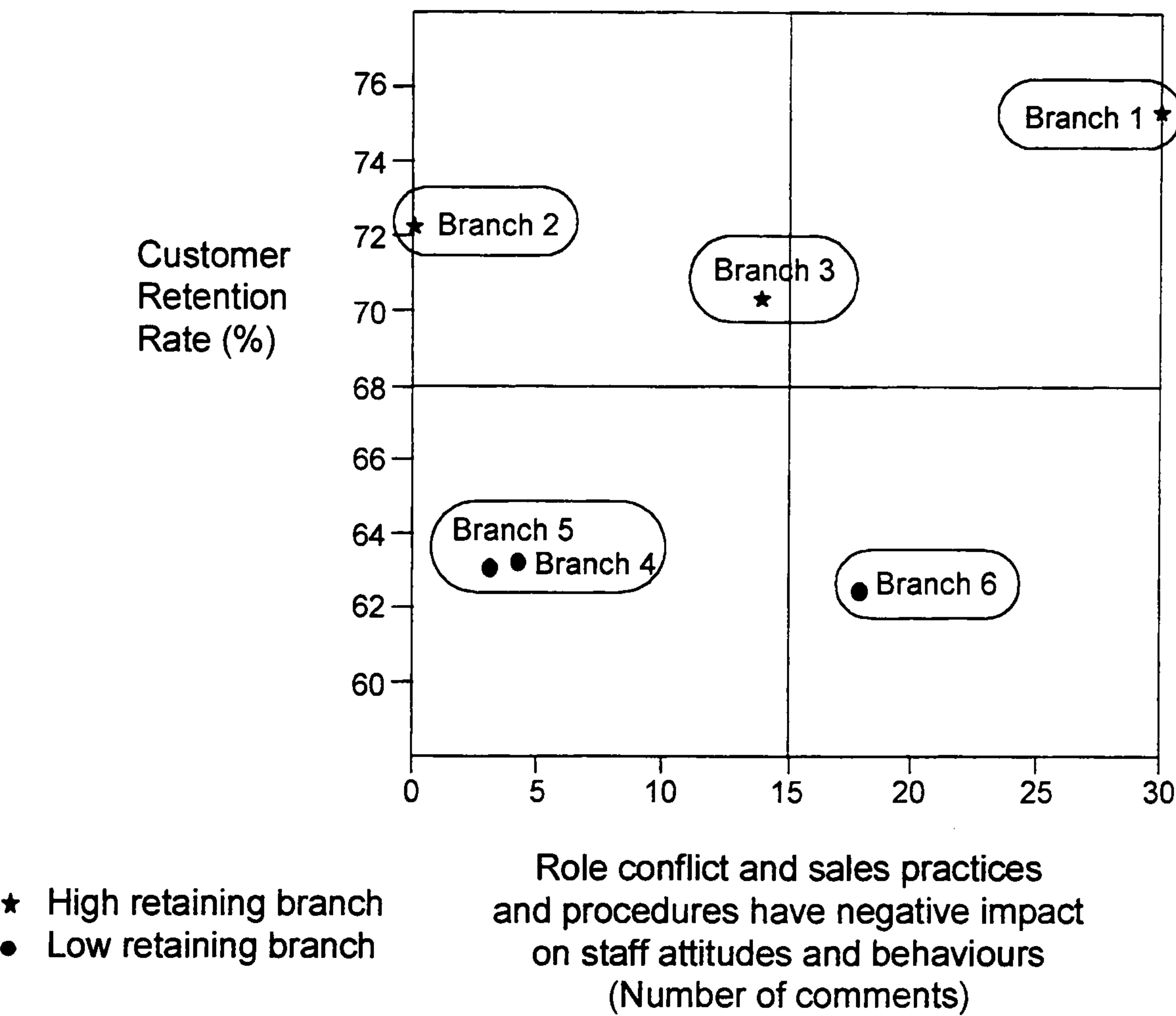
The previous chapter showed that whilst there were differences between the high and low retaining branches in terms of climate themes and dimension, within each of the high and low branch groupings there were also differences. For example, in the high retaining branches, Branch 2 stands out as being different to the other two branches (see Section 4.2.6) and in the low retaining branches, Branch 6 stands out as being different to the other two branches (see Section 5.2.6). In an attempt to fully understand the underlying issues evident in the research data, this section, therefore, examines additional themes which have emerged from the data analysis and which also contribute to a better understanding of organisational climate and customer retention.

7.2.1 Role conflict and boundary-spanning relationships

Miles and Huberman (1994) advocate using data displays such as matrices, graphs, charts and networks to assemble and organise qualitative data and enable it be processed more effectively. They also recommend that the tactic of ‘counting’ (see Section 3.3.5), can be used as an important part of data displays. Following this approach the number of comments (see Appendix H) have been used as an indicator of the strength of perception, within a branch about a particular climate dimension. Accordingly, Figure 7.2 maps two climate dimensions ‘role conflict’ and the ‘negative impact that sales practices and procedures can have on staff attitudes and behaviours’ against ‘customer retention rate’ for the six bank branches. It was decided to include the two dimensions of ‘role conflict’ and ‘negative impact that sales practices and

procedures can have on staff attitudes and behaviours’ on the same axis, as there was some overlap with both dimensions. The overlap concerns selling practices and procedures having a negative impact on the staff’s attitude and behaviour and role conflict leading to negative employee outcomes, as the staff perceive themselves as being pulled in different directions in terms of selling and customer care.

Figure 7.2: Customer retention and role conflict and negative staff behaviour grid



From the chart (see Figure 7.2) it can be seen that Branch 6, stands on its own as having the second highest level of role conflict and negative staff attitude and behaviour as well as the lowest retention rate. These results lend support to previous research that shows how role conflict can lead to negative employee and customer outcomes, such as job dissatisfaction, high staff turnover, role stress, poor role clarity and the customers’ perceptions that the service quality is poor (Churchill, Ford and Walker, 1985; Kelly, Gable and Hise, 1981; Parkington and Schneider, 1979; Schneider, 1980; Walker, Churchill and Ford, 1975). In further support of this research it can be seen from the data analysis (see Appendix H) that the staff in Branch 6 also perceived service quality and customer care to be poor, they perceived they were stressed and had unclear roles. It would seem that the manager of Branch 6 had successfully managed to focus the attention of the staff on sales through the use of goals, performance standards and rigid rules and by allowing them very little autonomy. He had been unable to communicate to his staff that focusing on the customer’s needs and selling products benefited the customers in the long term. This was likely because he also felt a certain level of role conflict himself and was not

convinced of the bank's approach to selling. As a result, the staff did focus on selling. They had not managed to distance themselves from the customer to the point that they didn't care, and as such, still experienced role conflict and the feeling that they were being pulled in different directions in terms of customer care and selling. The role conflict that the staff perceived was exacerbated by the perceived lack of warmth and support from the manager, and from head office and senior managers to the staff. There was also a strong division between the sales and service staff in the branch, which impacted in a negative way on staff attitude and behaviour. As a result, and as discussed in Section 5.2.6, the staff were united in viewing their managers and head office as the 'common enemy'. They perceived the organisation and the managers to be less service orientated than they were, emphasising rules and procedures rather than meeting customer needs.

In contrast, the staff in Branch 1 and to a lesser extent the staff in Branch 3, perceived that they had a high level of role conflict and negative staff attitude and behaviour regarding selling and yet still had high retention rates (see Figure 7.2). The employees perceived they were clear about their job roles and there were no reports that they or other members of staff were under pressure. The staff also reported a high level of customer care and service quality. These results do not support the previous research as outlined above and in Section 2.1.3, which shows that role conflict and ambiguity can have negative outcomes for employees and customers. Instead, it shows that it is possible to still have positive outcomes for employees and customers when there is role conflict and negative staff attitudes and behaviour regarding selling. It would seem that in this branch there was an over-riding commitment to customer care, with staff 'interpreting' the rules and procedures relied upon in the branch to the advantage of the customers. So although the staff were obliged to focus on selling activities and hence suffered from role conflict and negative attitudes and behaviours with respect to selling, they were nevertheless determined that the customers would not be disadvantaged by the bank's policy. As discussed in Section 4.2.6, the staff and the manager were able to achieve this by supporting each other and by heavily criticising head office and senior managers for their lack of warmth and support and sales practices and procedures, which they believed, prevented them from providing excellent customer service. In effect the staff and the manager, worked with and on behalf of the customers against their 'common enemy' which was head office and senior managers.

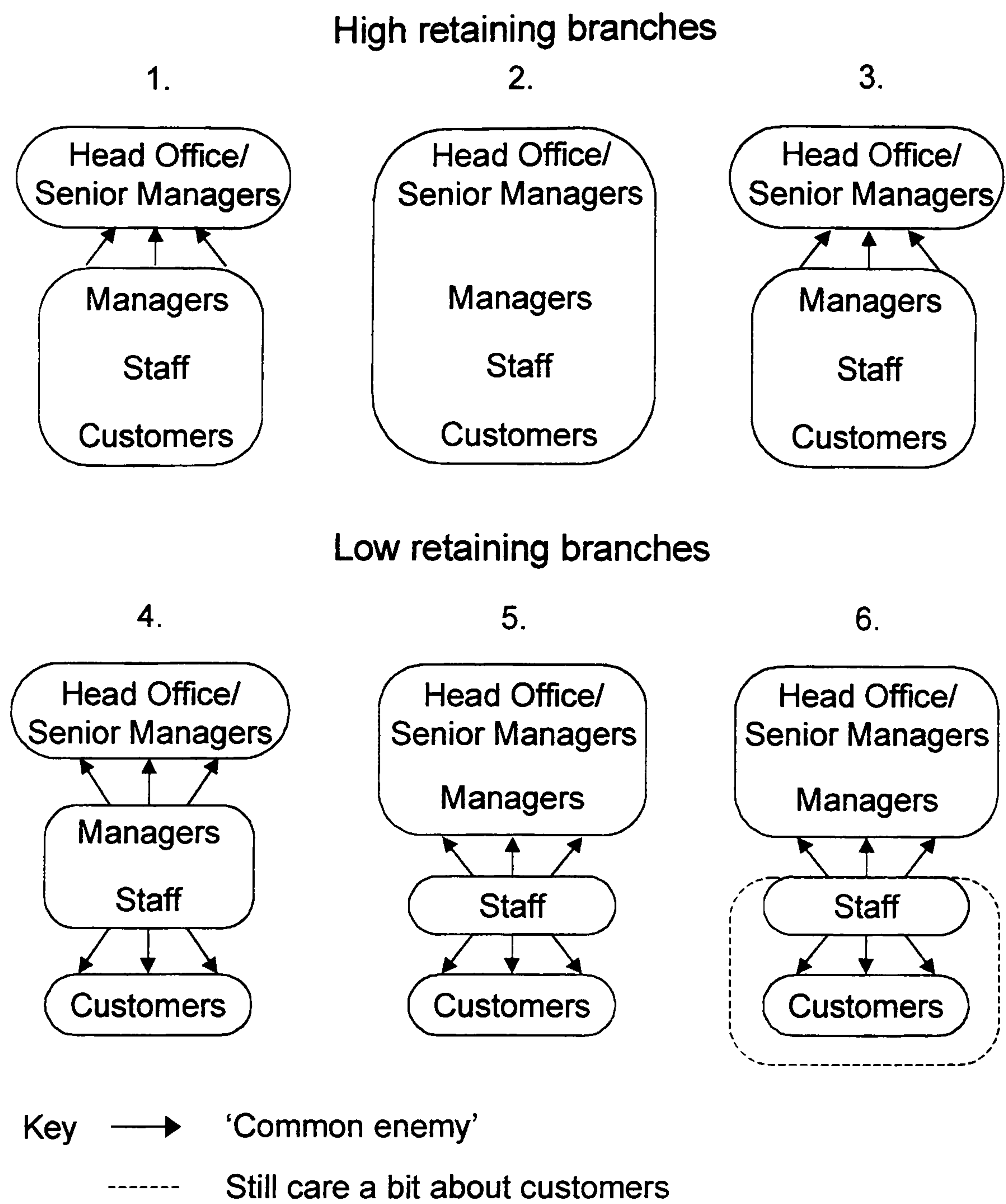
Branch 2 also stands on its own as having a high retention rate and a perceived lack of role conflict and negative comments with respect to staff attitudes and behaviours regarding selling (see Figure 7.2). The employees perceived they were clear about their job roles, the branch was well organised, they were effectively trained and there was only one report that they or other members of staff were under pressure. This research provides some support for previous research by Lewis and Gabrielsen (1998) who also found a lack of role ambiguity in their investigation into intra-organisational aspects of service quality management in financial services in Norway. They suggested that a possible explanation might be clear and explicitly designed job specifications, extensive information policies and training. They also suggested that the age profile and experience of the staff may have led to high perceptions of the staff's abilities and understanding. This last point does not support this study as all the staff across the high and low retaining branches all had similar age profiles and length of experience.

As discussed in Section 4.2.6 the staff in Branch 2 did not appear to have a ‘common enemy’. The staff were not critical of head office and senior managers in terms of warmth and support or in terms of their practices and procedures and their impact on customer service. The staff did not perceive that focussing on sales was detrimental to either the customers or to themselves. The manager seems to have been able to assimilate the bank’s objectives with regard to selling and customer service and has communicated them to the staff in a positive way, convincing them that a sales approach focused around customers needs is beneficial to the customers in the long term. As there was no ‘common enemy’ for this branch and as the manager provided his staff with consideration, warmth and support, there was not the same need for the staff or the staff and the manager to ‘band’ together to support each other. As a result, head office and senior managers, the managers, and the staff all appear to have worked together for the common good of the customers.

Branches 4 and 5 also stand on their own as having a low level of role conflict and negative staff attitudes and behaviours with respect to selling and a low level of customer retention (see Figure 7.2). Like all the other branches in the sample, the staff in these branches were also required by head office to focus on selling, and the staff did in fact perceive that there was a high sales orientation in the branches. However, unlike Branch 6, focusing on sales for these two branches did not lead to role conflict and had a very small impact on the attitude and behaviour of the staff in the branches. There are a number of arguments why this could be the case. The staff in these two branches had low morale, did not have a genuine interest in the customer and were highly pressured. The staff were also unclear about their job roles, the branches were poorly organised and the staff felt that their managers had abdicated responsibility to the staff and were not providing any leadership and direction. Role stress, has in fact been shown to lead to reduced levels of motivation and job satisfaction which can then manifest itself in poor customer satisfaction (Parkington and Schneider, 1979; Kelley, 1990). Basically the staff were in ‘survival’ mode focusing on their own interests to the exclusion of everything else.

This research only partly supports previous studies into employees of service organisations, which are said to occupy boundary-spanning positions. Previous research shows that these employees are often psychologically and physically close or even closer to the organisation’s customers than they are to other employees within the company (Adams 1976; Aldrich and Herker, 1977; Parkington and Schneider, 1979). According to Schneider, Parkington and Buxton (1980) these employees are sensitive not only to customer requirements and concerns but also to organisational practices and procedures in relation to the provision of service. It can be seen from Figure 7.3 that this is true of the high retaining branches, where the staff were very close to the customers. However, this is not the case for the low retaining branches. Figure 7.3 also highlights the ‘common enemy’ where appropriate for the six branches.

Figure 7.3: Boundary-spanning relationships and the ‘common’ enemy



As discussed above the employees in Branch 6 (low retaining branch) perceived that they experienced role conflict. They perceived the climate of the organisation to be less service orientated than themselves, emphasising rules and procedures rather than meeting customer needs. However, they were not able to sufficiently distance themselves from the customers to the point that they didn’t care (hence the dotted line in Figure 7.3).

The staff in Branch 5, did not experience role conflict, however, they had successfully distanced themselves from the customers and from the managers and head office and senior managers. The staff effectively viewed their manager, head office and senior managers and the customers as the ‘common enemy’. They did not receive any warmth, support or consideration from their manager or head office. They also perceived that the practices and procedures from head office in relation to customer care impacted on the customers in a negative way and finally, they were not genuinely interested in providing excellent customer care.

In Branch 4, the manager provided his staff with consideration, warmth and support, and the staff and the manager were united in viewing head office and senior managers and customers as the 'common enemy'. Head office and senior managers were seen as the 'common enemy' because of their lack of warmth and support and the negative impact that their practices and procedures had on customer care at the branch level. Customers were seen as the 'common enemy' because they were sometimes viewed as: '...an inconvenience in your working day...' (Branch 4, Manager, SS). Branch 4 was also the branch, which achieved the lowest mystery shopper scores in the whole country.

This research also supports the literature relating to 'cohesion' (see Section 7.1.3 above), which shows that cohesive groups generally achieved better results than non-cohesive groups (Williams and Hacker, 1982) and that group cohesiveness was positively related to customer service (George and Bettenhausen, 1990). It can be seen that there was evidence of 'cohesion' in the high retaining branches with staff and managers 'pulling' together and having an attraction for each other and the group as a whole. In contrast, there was a lack of 'cohesion' in the low retaining branches, with managers, staff and customers having minimal interest in each other.

It can be seen from Figure 7.3 that five out of six of the branches viewed head office and senior managers as the 'common enemy'. Head office and senior managers were criticised for not providing staff with consideration, warmth and support and for providing practices and procedures that had a negative impact on customer care in the branches. Senior managers were criticised for not having worked in the branches for not understanding the pressures the staff were under and for not valuing their experience in dealing with customers. This supports previous research by Lewis and Gabrielsen (1998) into the role of management in the banking industry in Norway. Their research showed that although employees mostly expressed some confidence in the regional managers, the majority of employees felt that regional managers did not understand, were not interested in their situations or did not attach much importance to their opinions. They also found that regional managers were perceived to be distant and anonymous which goes against leadership and leaves culture to be developed by chance.

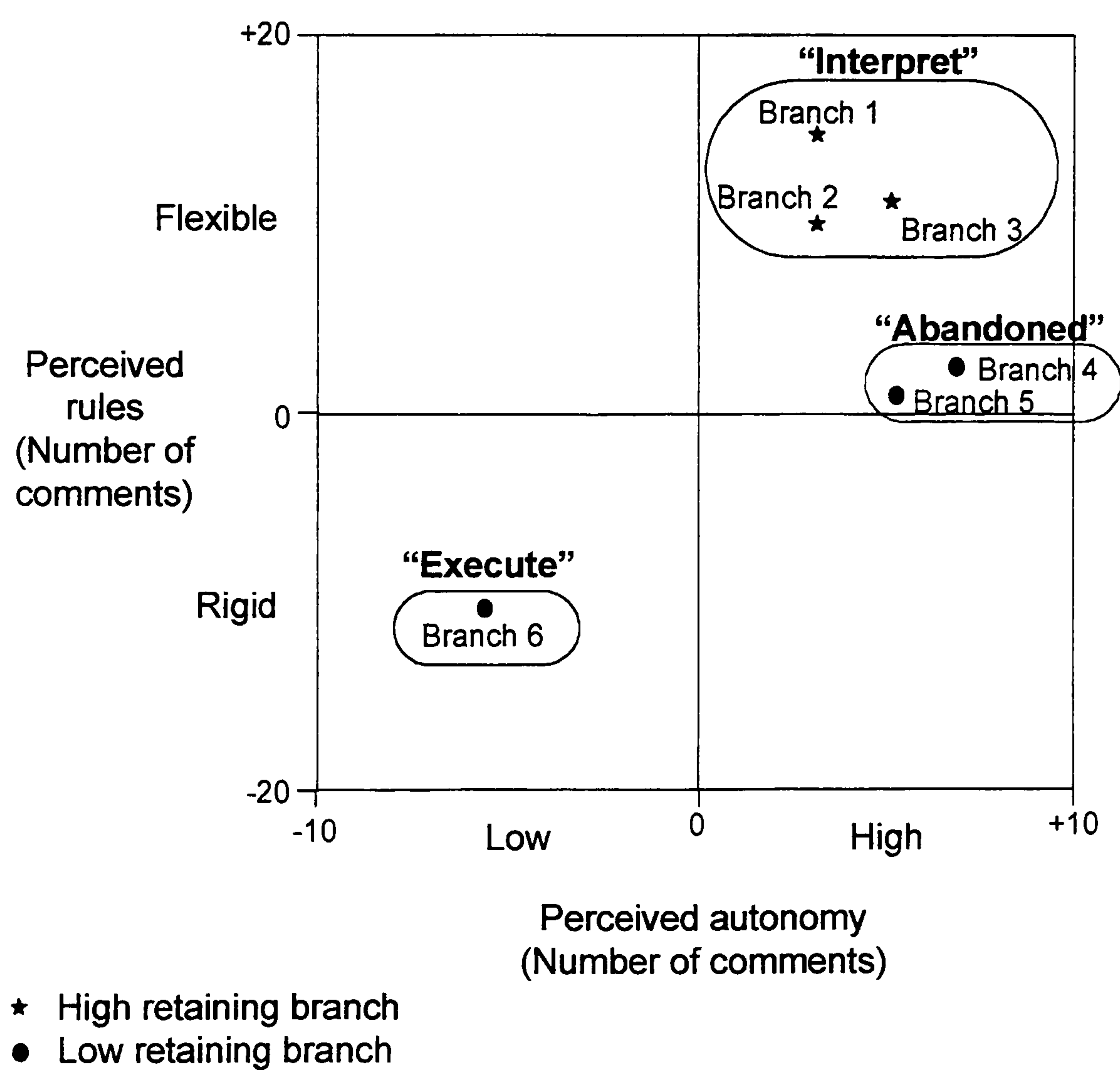
This research shows, therefore, that boundary-spanning employees are not necessarily closer to the customers than to other employees within the branch. It would seem that the employees' closeness to the customers depends on the climate within the branch and specifically on the degree of consideration, warmth and support from head office, senior managers and the branch manager. It also depends on the level of 'cohesion' within the branch.

7.2.2 Employee autonomy and management style

As we have seen in Section 2.1.2, empowerment has been defined as a situation in which the manager gives employees the discretion to make day-to-day decisions about job related activities (Bowen and Lawler, 1992; Conger and Kanungo, 1988). Whilst this research did not specifically look at empowerment, it did consider a similar construct to empowerment which is 'autonomy'. 'Autonomy' is the extent to which

employees perceive that they have scope about deciding how to respond with respect to work procedures, goals and priorities. Following the same approach of ‘counting’ as outlined in Section 7.2.1, the number of comments (see Appendix H) regarding employees’ perceptions of ‘autonomy’ and ‘rules and procedures relied upon in the branch’, have been used as an indicator of strength of perception of those climate dimensions within the six branches. Accordingly, Figure 7.4 maps employees’ perceptions of ‘autonomy’ against the ‘rules and procedures relied upon in the branch’.

Figure 7.4: Types of employee discretion



From the chart (see Figure 7.4) it can be seen that Branch 6, stands on its own as having the highest perceived level of rigid rules and procedures relied upon in the branch and the lowest level of autonomy. This style of management very much reflects the ‘exploitive-authoritive’ style as identified by Likert (1961, 1967), which is characterised as the threat of punishment, hostile attitudes, very little team-work, downward communication and distrust, with all the decision making and goal setting performed by top management. Branch 6, does in fact have the highest perceived level of punishment in the whole sample, the manager was very controlling, relying heavily on rules and regulations and goals and performance standards to control staff behaviours. There was low autonomy and the staff were not involved in branch activities and decision making. There was also a low level of warmth and support from the managers. Staff were basically expected to do what they are told, i.e. ‘execute’ orders from the manager.

Despite this controlling style of management, there is evidence of 'deviant discretion' in Branch 6. Deviant discretion (Kelley, Longfellow and Malehorn, 1996) involves the performance of behaviours that are not included in the employee's formal job description, or management's role expectations for appropriate employee behaviours. In Kelley's and his colleagues research they found that formalisation (the extent to which an organisation relies on standard operating procedures or rules to predetermine the actions of employees) is negatively related to the exercise of deviant discretion. However in this research, this was not the case. A possible explanation for the difference in the research findings is that it would seem that despite the high level of control, employees still perceived that they were able to use the system to their advantage and perform in a minimally acceptable way to 'escape' or terminate being punished. They were also able to manipulate the goals and performance standards in such a way that they essentially became ineffective. This behaviour allowed them to exercise some control over their environment even though it was 'sabotaging' branch performance.

Previous research suggests that empowerment works best when the company's culture supports its use by guiding and limiting employee actions (Bowen and Lawler, 1992). Also, when the organisational rules, procedures and culture provide employees with flexibility and authority in serving customers (Lewis and Gabrielsen, 1998). If the company's culture does not support employees for exercising discretion, empowerment can become counterproductive (Kelley, 1993). Support was found for this, in this research for Branches 4 and 5. It can be seen from Figure 7.4 that Branches 4 and 5 stand on their own as having the highest level of 'autonomy' in the sample, combined with some flexibility regarding rules and procedures. However, the managers of these branches had adopted a laissez-faire approach to managing the staff and in return the staff felt that their managers had abdicated responsibility to their staff and were not providing any leadership or direction. The staff were effectively 'abandoned' to get on with their jobs. This style of management is not evident on Likert's 'exploitive-authoritative' continuum, however, it does reflect the 'Laissez-faire' style of leadership as identified by Lewin, Lippitt and White (1939). In their research they found that when there was minimum leader participation and members were left to make their own individual or group decisions, the group lacked achievement and lacked the means with which to make group decisions or to plan. This style of leadership has been referred to by Mullins (1989) as a non-style of leadership or abdication, where the manager keeps away from the trouble spots and does not want to get involved.

Interestingly in Branch 4 there was also evidence of 'deviant discretion' even though there was a high level of warmth and support from the manager. Again this is contrary to Kelley's finding which showed that organisational support (the extent to which employees believe that the organisation values their contribution and cares about their well being) is negatively related to the exercise of deviant discretion. A likely explanation for this difference in research results is that although the manager visibly supported his staff with consideration, warmth and support, the staff nonetheless still felt that he had not taken responsibility for the staff and the branch and therefore didn't *really* care about the staff.

Finally, in Figure 7.4, the high retaining Branches 1, 2 and 3 form a cluster where the staff perceived that they have a high level of autonomy and also have flexibility regarding rules and procedures relied upon in the branches. They are ‘empowered’ to make day-to-day decisions about their job-related activities and ‘interpret’ the rules and procedures in the bank’s and the customer’s best interests. This style of management, very much reflects the ‘participative-group oriented’ style of management as identified by Likert (1961, 1967). This structure involves confidence and trust between superiors and subordinates. There is open communication, participation and a high degree of teamwork. Motivation is based on rewards for achievement of agreed goals. Responsibility and initiative for achieving the goals of the organisation is widespread throughout all levels of the organisation. This research shows, therefore, that ‘autonomy’ is only specifically related to high rates of customer retention at the branch level when there is a participative style of management present in the branch.

7.2.3 Leadership styles and organisational climate

The findings from this study suggest that the branch manager’s behaviour critically influences the climate at the branch level. This section will, therefore, consider leadership style in more depth.

As discussed in Section 2.2.1, Lewin, Lippitt and White (1939) argued that different leadership styles create ‘social climates’ that impact on productivity in different ways. Their research demonstrated that people were equally productive under democratic and authoritarian leadership styles, but were generally more satisfied and worked more harmoniously under a democratic leader. Litwin and Stringer (1968) also theorised that organisational climate can be manipulated by leadership styles and practices. They developed their Organisational Climate Questionnaire by experimentally manipulating different leadership styles, which resulted in the creation of different climates. McGregor (1960) also argued that managers create climates that reflect their beliefs about workers. This research has, therefore, extended this previous research by showing support for linking leadership style, with organisational climate and customer retention.

Major prior work in the field of leadership can be traced back to the Ohio State Leadership Studies (Hemphill, 1950) and the Blake and Mouton Managerial Grid. These are two of the most comprehensive research studies undertaken on the behavioural categories of leadership. The results from the two studies identified major dimensions of leadership behaviour that were very similar to each other. The Ohio State Studies identified two dimensions ‘initiating structure’ and ‘consideration’ and the Blake and Mouton research identified ‘concern for production’ and ‘concern for people’

Although this research did not specifically consider ‘initiating structure’ or ‘concern for production’ in the precise ways defined by these previous studies, a close approximation is ‘organisation’ and ‘role clarity’. That is, the extent to which the branch is well organised and the extent to which employees perceived clarity in their roles and responsibilities. Similarly a close approximation for ‘consideration’ and ‘concern for people’ is ‘warmth and support by managers’, which is the extent to

which employees perceive that managers provide staff with consideration, warmth and support and get on well with them.

Following the same approach of ‘counting’ as outlined in Section 7.2.1, the numbers of comments (see Appendix H) regarding ‘warmth and support by managers’, ‘organisation’ and ‘role clarity’ have been used as an indicator of strength of perception of those climate dimensions within the six branches. When these two dimensions of ‘consideration, warmth and support by managers’ and ‘organisation and role clarity’ are plotted on two separate axes, four quadrants are developed which illustrate the different combinations of ‘consideration, warmth and support’ and ‘organisation and role clarity’ (see Figure 7.5).

Figure 7.5: Consideration, Warmth and Support and Organisation and Role Clarity

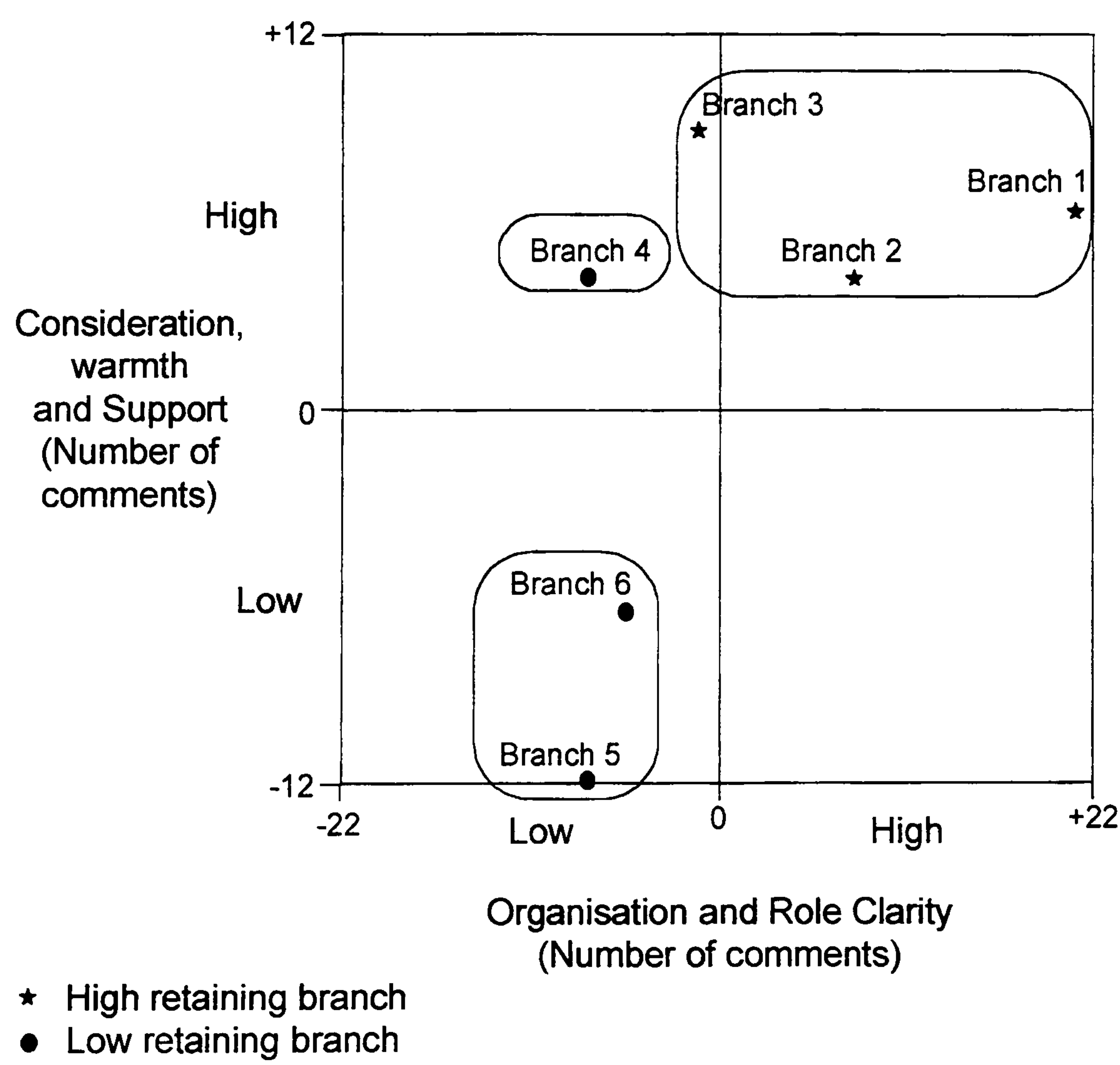


Figure 7.5 shows that Branches 1, 2 and 3 have high ‘consideration, warmth and support’ and high ‘organisation and role clarity’. They are also the branches that have high customer retention rates and were described above as having a style of management which reflects the ‘participative-group oriented’ style of management as identified by Likert (1961, 1967). This coincides with the ‘high-high’ leader identified in the Ohio State studies (Hemphill, 1950) and with the 9,9 ‘team management’ rating in the Blake and Mouton Managerial Grid (1964). Managers with a 9,9 leadership style reflect a maximum concern for both production and people. Managers believe in creating a situation where people can satisfy their own needs by commitment to the

objectives of the organisation. Managers will give staff autonomy and seek their ideas and discuss problems with them and if there are any difficulties in working relationships they will be managed by confronting the staff directly and working out solutions together. This is very much indicative of the management style present in the high retaining branches.

Branch 4 has high 'consideration, warmth and support', but low 'organisation and role clarity', as well as a low retention rate. This coincides with the 'high consideration' and 'low initiating structure' identified in the Ohio State studies and with the 1,9 'country club management' positioning in the Blake and Mouton Managerial Grid. Managers with a 1,9 rating reflect a maximum 'concern for the people' and a minimum 'concern for production'. The manager is not concerned with production and production is secondary to the avoidance of conflict. The manager is highly concerned about the members' personal needs, interests and interpersonal relationships. To a large extent this is indicative of the management style in Branch 4, however, as discussed in Section 7.2.2, although the manager visibly supports his staff with consideration, warmth and support, the staff nonetheless still feel that he has not taken genuine responsibility for the staff and the branch.

Branches 5 and 6 have both low 'consideration, warmth and support' and low 'organisation and role clarity' as well as low retention rates. This coincides with the 'low consideration' and 'low initiating structure' identified in the Ohio State studies and with the 1,1 'impoverished management' on the Blake and Mouton Managerial Grid. The 1,1 leadership style reflects minimal 'concern for production' and 'people'. Again to a large extent this is indicative of the management styles of the branch managers in Branches 5 and 6.

This research, therefore, extends previous work in leadership styles by showing that there is a relationship at the branch level between the style of leadership of the branch manager and customer retention.

Whilst this discussion has been concerned about leadership in terms of 'warmth and support' in relation to 'organisation' and 'role clarity', research by George and Bettenhausen (1990) showed that group cohesiveness was positively related to customer service. They also went on to show that leadership characteristics i.e. leader's mood could have major effects on the group's behaviour. In line with this research, Robins, Pattison and Langan-Fox (1995) conducted research into group effectiveness, in terms of sales performance, in bank branches. Their research suggested that leaders may need to be concerned about cohesion to ensure good performance. Their results showed that strong mutual relations within the branch leadership typified structures in highly performing branches and that staff attitudes towards branch leaders were significant predictors of sales performance. They also suggest that the tellers and service adviser's enthusiasm and effectiveness in the 'sales' role may be related with their attitudes towards the leadership. They show that when there is a lack of cohesion among influential figures in the bank branches, this threatens the cohesion of the branch. This impacts on morale, shaping staff perceptions and attitudes towards the leadership, undermining the staff's enthusiasm for sales and possibly creating a negative impression of the branch for the customer. This research supports these findings, although in terms of customer retention and not sales

performance. The branches, which showed a high level of cohesion, were also the branches that had high morale, warmth and support from the managers, enthusiasm for customer care and high retention rates. The branches that had a low level of cohesion, had low morale, low warmth and support by managers (Branches 5 and 6), low enthusiasm for customer care and low retention rates. Thus it could be argued that customer retention performance is related to the strength of cohesion not only among the staff but also from the branch leadership to the staff.

7.3 Summary

This chapter has summarised the contributions to knowledge made by this study and generalised within the limits of the six cases. It has highlighted themes that have emerged from the analysis and which also contribute to our understanding of the processes. The next chapter comprises the conclusions to the thesis and examines the implications of this study for researchers and practitioners. It goes on to discuss the limitations of the study and outlines further opportunities for research.

8 CONCLUSIONS

This final chapter draws together the findings and presents the conclusions of the research study described in previous chapters. The chapter is divided into five sections. Section 8.1 summarises the contribution to knowledge. Section 8.2 examines the implications of the study for marketing and management practice. Section 8.3 considers the limitations of the study and Section 8.4 reviews the opportunities for further research, which have been identified. Section 8.5 concludes the chapter with a final word reflecting on the need for closer collaboration between marketing management and human resource management.

8.1 Summary of Contribution to Knowledge

In Chapter 2 it was argued that there have been no studies that have examined the relationship between employees' perceptions of organisational climate and customer retention in a specific service setting. This study, therefore, has built on the theory of organisational climate as originally developed by Schneider, Parkington and Buxton (1980) and Schneider and Buxton (1985) and shown that climate is related to customer retention at a specific branch level.

There are two major contributions to knowledge made by this research and generalised within the limits of the six cases. These may be summarised as follows:

1. Employees' perceptions of organisational climate and customer retention rates at a micro-organisational level.

There is a relationship between employees' perceptions of organisational climate and customer retention rates at a micro-organisational level in a major UK bank. This study has shown that climate is a 'micro' phenomenon which needs to be managed at the branch level in order to accommodate localised practices, procedures and management styles and behaviours.

2. There are certain dimensions of organisational climate that are critical to customer retention and others which are less critical or irrelevant.

This study has identified how employees perceive organisational climate in relation to customer care at the branch level. Organisational climate has been sub-divided into five climate themes: 'structure', 'rewards and recognition', 'cohesion', 'warmth and support' and 'customer care'. The research has shown that there is a relationship between the five climate themes identified and customer retention at a specific branch level. Within the climate themes there are also climate dimensions which are critical to customer retention and it is the climate themes and dimensions which need to be *taken together* which form the climate for customer care.

As well as these two main contributions to knowledge made by this study there are also a number of other findings which have also made a contribution. These are summarised as follows:

- (i) It is possible to have positive outcomes for employees and customers when there is evidence of role conflict and negative staff attitudes regarding selling. This can be achieved by managers providing staff with ‘consideration, warmth and support’, training staff and allowing them flexibility in interpreting rules and procedures and providing staff with a clear focus in terms of customer care.
- (ii) There is a relationship between boundary-spanning employees’ ‘closeness’ to the customers and the customer retention rates of the bank branch. Employees’ ‘closeness’ to the customers is likely to depend on the climate within the branch, the level of ‘cohesion’ within the branch and the degree of ‘consideration, warmth and support’ from management.
- (iii) There is a relationship between autonomy and high customer retention rates *only* when there is a participative style of management present in the bank branch.
- (iv) Climate at the micro-organisational level is critically influenced by the branch manager, therefore, there is a relationship between leadership style in the branch and the customer retention rates of the bank branches.

Having summarised the contribution to knowledge made by this research, the following discussion examines the implications for marketing and management practice.

8.2 Implications for Marketing and Management Practice

In endeavouring to improve customer satisfaction and develop long-term relationships with customers, many companies, including this major UK retail bank, have embarked upon a number of initiatives designed to do just that. For example, training initiatives aimed at improving customer service, upgrading facilities, issuing customer and employee newsletters, researching employee and customer opinions and improving operations. In these circumstances, management are often convinced that improvements can only be made by spending money and monitoring progress. However, as we have seen from this research, despite the initiatives launched by this bank, there has not been a uniform improvement in terms of customer retention across the branches in the sample. Improvements in customer care and customer retention may not come, therefore, from increasing expenditure in these areas, but instead by changing the way the company does business. For example, by changing the practices, procedures and rewards of the business and hence the climate in relation to customer care, can improve customer retention at sometimes very little cost to the company. However, for organisations, which are not, service orientated, where the changes to the way they do business are more dramatic, then inevitably there will be a greater cost to the business.

This research study has three important implications for managers. First, by showing that there is a relationship between organisational climate and customer retention in a specific service setting, it highlights the importance of providing managers with a

greater understanding of what the appropriate practices, procedures and rewards are, and how staff members perceive climate in relation to customer care. In effect, managers need to know what constitutes a successful climate for customer care if they wish to improve customer retention.

Second, this research can also help managers understand the role of employees in determining successful outcomes for service organisations. Third, it can help managers understand the role of leadership styles and their part in creating a climate for customer care. The results of this thesis are particularly relevant for those in service organisations as discussed below.

8.2.1 Understanding how staff members perceive climate

The economic benefits of improvements in customer retention have been well-researched (Reichheld and Sasser, 1990; Reichheld, 1994) and managers are becoming increasingly keen to understand the processes through which customer retention can be managed. Understanding how staff perceive organisational climate in relation to customer care is therefore essential in creating a positive climate. There are three main implications for managers endeavouring to improve customer care and customer retention.

First, this study has presented a framework in terms of climate themes and dimensions for high and low retaining branches (see Table 7.1) which may be used by managers. The framework can be used as a diagnostic tool to enable managers to consider the specific practices, procedures and rewards that are used in their organisations and assess whether or not they are the most effective for developing a climate for customer care and improving customer retention rates.

Second, as discussed in Chapter 7, climate themes and dimensions should be viewed as totalities and taken together rather than isolating individual dimensions (Poole, 1985). By understanding the importance of this managers will not make the mistake of focusing on individual climate dimensions at the expense of others. For example, managers may think that if they reward their staff more than punish them, there will be an increase in morale and hence customer retention will improve. Instead, managers need to address each of the climate themes and develop a unified approach to improving the climate for customer care and customer retention in the organisation.

It is also important that managers recognise that it is not possible to create a positive climate for customer care and improve customer retention rates without ensuring that there are solid foundations in place to develop such a climate. For example, it is no good rewarding staff for excellent service and customer retention, if computer errors or breakdowns in operations hinder their attempts.

Third, by developing a deeper understanding of how staff perceive organisational climate, managers are much better able to influence climate conditions present in their organisations and develop more effective ways for managing their staff. For each of the climate themes present, the following provides a brief overview of how managers can do this:

Structure: Adopting a more *participative-group oriented* style of management (Likert, 1961, 1967), which focuses on open communication with the staff and allows staff to participate in goal-setting processes. Providing staff with role clarity (Porter and Lawler, 1968), so that they know what to do and what is expected from them, within an organised framework and by allowing a degree of role variety tailored to individual needs. (Autonomy is addressed in Section 8.2.2).

Rewards and recognition: This research has shown that rewarding staff more than punishing them contributes to a positive climate for customer care, especially when the rewards are tied into the behaviours that the company seeks to achieve (Hartline and Ferrell, 1996). If punishment is necessary, it is important to do it swiftly, firmly and based on specific instances of poor performance (Podsakoff, Todor and Skov, 1982). Also ensuring that the staff perceive they are equitably treated in terms of rewards and recognition (Adams, 1965). It is important to remember that over-rewarding staff can be as problematic as under-rewarding staff, therefore efforts should be made to avoid doing this.

The effective use of goals and performance standards is essential to ensuring a positive climate for customer care. Goals should be strategically focused (for example, Anderson and West, 1998; Schneider and Bowen, 1985) and involve the staff, ensuring that they are directing their efforts to improving customer care and hence customer retention rates. The staff should be monitored regarding the goals on a regular basis and given immediate feedback on their performance.

Cohesion: Ensuring a cohesive environment for staff is important in ensuring a climate for customer care. Agreement on the group's purpose, direction of activities and goals is a key factor in influencing cohesion and hence group performance (Cherrington, 1994; George and Bettenhausen, 1990). To assist cohesion in the organisation, socialising amongst the staff should be encouraged, as should team working. However, it should be remembered that without focused goals, socialising may interfere with the staff's work and productivity (Cherrington, 1994).

Warmth and support: Warmth and support has an important positive influence in ensuring a climate for customer care. It is important that managers provide their staff with consideration (Vroom, 1964), warmth and support, trust their staff and show them friendship and respect (Halpin and Winer, 1957).

Customer care: It is important that employees see as their first priority the satisfaction and retention of customers, therefore as outlined above, goals should be strategically focused to ensure this and there should be agreement by the staff on the group's goals and performance standards. To achieve the goals and performance standards, there needs to be practices and procedures in relation to customer care. There also needs to be customer retention practices so that staff are clear about what procedures to follow in the event of a customer wishing to close an account (Schneider, Parkington and Buxton, 1980; Schneider and Bowen, 1985). Developing a stimulating and supportive environment where ideas are valued facilitates creativity and innovation (Schroeder et. al., 1989; West, 1990) and is essential in providing a positive climate for customer care. Therefore, managers need to ensure that enough time is devoted to training and that innovative initiatives focused around service quality and customer care are

nurtured and valued within the organisation. Research has in fact shown that managers who are personally committed to service quality are more likely to engage in activities that improve service quality (Hartline and Ferrell, 1996). Finally, providing a working environment which limits or eliminates divisions in the organisation, particularly in terms of customer care and selling not only helps build a cohesive organisation but reduces perceived inequity among the staff.

8.2.2 Understanding the role of employees in determining successful outcomes

Understanding the role of employees in determining successful outcomes is critical for managers endeavouring to improve customer satisfaction and customer retention. There are two main challenges for managers seeking to do this: determining the level of autonomy or empowerment appropriate for service encounters; and, trying to reduce the level of role conflict experienced by service staff.

First, previous research suggests that empowerment works best when the company's culture supports its use by guiding and limiting employee actions (Bowen and Lawler, 1992). If the company's culture does not support employees for exercising discretion, empowerment can become counter-productive (Kelley, 1993). This was shown in this research for Branches 4 and 5 where the managers had adopted a 'laissez-faire' style of leadership and the staff perceived that they were 'abandoned' to get on with their jobs. Also, in this research 'deviant discretion' became evident as staff manipulated goals and performance standards for their own benefit.

To support autonomy or empowerment, managers should, therefore, focus on developing a supportive environment where there is trust between managers and subordinates, open communication, participation and a high degree of team-work and where motivation is based on rewards for the achievement of agreed goals. In addition, Hartline and Ferrell (1996) argue that to support empowerment, managers should focus on evaluating behavioural criteria. That is, they should be evaluated based on their behaviours of using, for example 'discretion' rather than outcomes, such as mistakes that have been made. Training can also ensure that the employees' decisions are made in the best interests of the company (Conger and Kanungo, 1988; Smith and Lewis, 1989).

Second, as discussed in Section 2.1.3, role conflict can lead to negative outcomes of employees and customers, such as job dissatisfaction, high staff turnover, role stress, poor role clarity and customer perceptions that service quality is poor (Churchill, Ford and Walker, 1985; Kelly, Gable and Hise, 1981; Parkington and Schneider, 1979; Schneider, 1980; Walker, Churchill and Ford, 1975). These implications are particularly relevant for organisations that are not only trying to focus on customer retention but also trying to improve sales. Because employees of service organisations are often psychologically and physically closer to the organisation's customers than they are to other employees within the company (Adams, 1976; Aldrich and Herker, 1977; Parkington and Schneider, 1979), employees often feel guilty about trying to sell customers products or services. They have often chosen their job because they perceived it to be customer-oriented (Holland, 1976; Super, 1953). However, when

asked to sell products or service, they feel they are being pulled in different directions in terms of wanting to provide good customer care to the customers but being obliged to sell on behalf of the company.

Managers, therefore, should try to reduce role conflict by assimilating the organisation's objectives, in this case in relation to customer care and selling, and communicating them to the staff in positive ways which show that they support what the company is trying to do. When the staff are aware of the goals the company are trying to achieve and there is agreement on the group's purpose and direction, staff are then able to focus their competencies and skills in a unified way, without feeling that they are being pulled in different directions. Ensuring that staff are fully aware of what is expected from them and are provided with training to help them recognise that selling can be beneficial to the customer, if focused around customer's needs, can help alleviate role conflict in organisations. Finally, by doing this it is more likely that the 'common enemy' (see Section 7.2.1) will be eliminated and greater cohesion will result in the organisation, as managers, staff and customers pull together for their mutual benefit.

8.2.3 Understanding the role of leadership styles and organisational climate

This research has implications for managers in the development of management styles that have a positive influence on the climate for customer care. Leadership style creates 'social climates' that impact on productivity in different ways (Lewin, Lippitt and White, 1939). This research has shown that managers of high retaining branches have a particular style of leadership, which shows concern for people in terms of 'consideration, warmth and support' and concern for 'organisation' and 'role clarity'. Managers that reflect this style of leadership believe in giving staff autonomy and developing a supportive environment where they can seek their staff's ideas and discuss problems with them, where there is open communication, participation and team-work and where motivation is based on rewards for the achievement of agreed goals. This coincides with the 'participative-group oriented' style of management identified by Likert (1961, 1967), or the 'high-high' leader identified in The Ohio State studies (Hemphill, 1950) or the 9,9 'team management' rating in the Blake and Mouton Managerial Grid (1964).

Research by Robins, Pattison and Langan-Fox (1995) has shown that leaders may also need to be concerned about cohesion to ensure good performance among staff. Their results showed that strong mutual relations within the branch leadership typified structures in highly performing branches and that staff attitudes towards branch leaders were significant predictors of sales performance. The high retaining branches in this study showed a high level of cohesion. They were also the branches, which had high morale, warmth and support from the managers and enthusiasm for customer care. The branches that had a low level of cohesion, had low morale, low warmth and support by managers (Branches 5 and 6), low enthusiasm for customer care and low retention rates. Thus it could be argued that customer retention performance is related among other things to the strength of cohesion not only among staff, but also from the staff to their branch leadership.

The findings from this study suggest that the branch manager's behaviour can influence the climate at the branch level. If this is true, and a company wants to change the climate of the organisation, they need to change management behaviour, rather than implementing customer care programmes and starburst initiatives. Important implications for managers to consider, therefore, are whether or not it is possible to change management behaviour to engender a positive climate and if so what are the behaviours that need to be changed? This has practical implications for recruitment, staff training and development.

8.3 Limitations of the Study

This study adopted a 'within method' triangulation approach, which used qualitative, research supported by quantitative research techniques for examining the relationship between employees' perceptions of organisational climate and customer retention rates in a major UK retail bank. As with any research study of this kind there are always limitations to the design, implementation and analysis. These limitations need to be made explicit in order to place the findings in context. Also, the limitations of the study can suggest potential areas for further research work in the future, which will be addressed in the next section.

One of the main limitations to this study was the size and scope of the sample frame. The research was confined to six branches within the same retail bank, which was small when compared to quantitative studies in the field of organisational climate research. But, because of the predominantly qualitative nature of the research, this research was not designed for projection to the population as a whole. Instead the research was restricted to one particular bank's branches. However, because many of the issues that emerged from the analysis have some consistency with previous studies, it may be possible to apply some of these findings to a wider population of financial services.

A significant limitation of one aspect of the quantitative research in this study was that several scales had low internal consistency scores. This meant that the multiple-item scales could not be relied upon to measure what they were purporting to measure. It is possible that some relationships may actually have been present but were not statistically detectable owing to the unreliability of the predictors in this study.

The process of coding and data reduction is invariably a subjective process. To reduce researcher bias to an absolute minimum, the codes and dimensions were very carefully defined, maintained and updated as required. Check-coding was undertaken by having two people independently code the same script and then discussing and refining the codes afterwards. Good internal consistency was achieved by coding the first dozen pages of a transcript and then a few weeks later coding it again on an uncoded copy to see if it had been coded in the same way (see Section 3.3.5). Great care was taken to ensure that a clear trail of evidence was made through each stage of the research process so that plausible conclusions could be made regarding employees' perceptions of organisational climate. However, despite these efforts, some degree of bias will inevitably be introduced into the thesis. In an ideal world it would have been beneficial to have had a team of trained, dedicated researchers to check and confirm the

replicability of each others analysis (for example, Schneider, Wheeler and Cox, 1992), however, because of resource limitations this was not possible.

This research was a cross-sectional research study that examined employees' perceptions of organisational climate at a specific point in time and although the customer retention rates were measured based on the previous six months data, they were then calculated at the time the research study took place. The research was, therefore, effectively a 'snapshot in time'. Longitudinal research would allow for the consideration of employees' perceptions over time as well as mapping the retention rate over time. Longitudinal research would make it possible to more precisely consider the enduring nature of employees' perceptions than is possible in cross-sectional research. However, there is evidence in the literature that perceptions are not stable over time (Abercrombie, 1967; O'Neill, Palmer and Beggs, 1998) therefore, care should be taken in assessing employees' perceptions in a longitudinal study.

When the bank agreed to take part in this research, they provided customer retention data for each of the branches in the branch network. This data had only ever been used by the bank from a 'macro' perspective, when management wanted to know retention and defection rates for the whole bank. The data had never been used at a branch or area level and the branch managers were not allowed to know the retention rate performance for their particular branch. In contrast, sales data was avidly collected and recorded and used as a performance measure for the branches. However, this data was considered to be highly confidential and was not allowed to be included in this study. As a result, one of the limitations of this research is that whilst the retention rates are known for the individual branches, the sales data is not known. So there is no way of knowing whether or not the high retaining branches are also good performers in terms of sales or that because they are focusing on customer care their sales performance is poor. Similarly, there is no way of knowing whether or not the low retaining branches have very good sales performance or whether or not they are equally poor at sales. It is suggested that knowledge and use of both customer retention data and sales data, and their relationship to organisational climate is essential if the banks are to successfully manage their branch networks. This is particularly relevant at a time when many banks are wishing to downsize their branch networks and need to ensure that the branches they close are not their best branches for managing customer relationships. Whilst this study has provided an insight into climate and customer retention, unfortunately it has not been able to tell the whole story.

Finally, the qualitative data for this research was analysed using a word processor to search and retrieve codes and categories and to organise the information by theme. An alternative approach is to use a software package designed to analyse qualitative data such as Nudist (QSR, 1996). Although other researchers may prefer to use such software packages, the word processor was the method used for this thesis. The researcher considered that it enabled an in-depth and close appreciation of the data.

8.4 Opportunities for Further Research

The main aim of this research has been to examine the relationship between employees' perceptions of organisational climate and customer retention rates in a major UK retail

bank. The research findings from this research together with a consideration of the study's contribution to knowledge have helped identify a number of potential research opportunities. The main research opportunities are identified below.

8.4.1 Role conflict and the 'common-enemy'

An unexpected finding of this research study was the relationship between role conflict and positive employee outcomes in two of the three high retaining branches. This is because previous research into role conflict has shown that it can lead to negative employee outcomes, such as job dissatisfaction, high staff turnover, role stress, poor role clarity and the customers' perception that the service quality is poor (Churchill, Ford and Walker, 1985; Kelly, Gable and Hise, 1981; Parkington and Schneider, 1979; Schneider, 1980; Walker, Churchill and Ford, 1975). It was seen in Section 7.2.1 that this research has provided some tentative explanations as to why this should be the case. For example, the staff having an over-riding commitment to customer care, so that although they were required to focus on selling activities and therefore suffered from role conflict, they were nevertheless determined that the customer should still receive good service. The staff were also able to achieve this by supporting each other and viewing head office as the 'common enemy'. However, further research is needed to focus on this issue and fully understand how these high retaining branches are able to perform well but still experience role conflict. This may also provide some insight into how role conflict can be reduced or if in reducing it and eliminating the 'common enemy' there is a resulting impact on performance.

In contrast, there was no evidence of role conflict or the 'common enemy' in Branch 2. Instead, head office, the managers and the staff all worked together for the common good of the customers. Branch 2 was in fact not the best performing branch in terms of customer retention, but the second best and it would seem that the staff had been able to successfully combine their focus on customer care and their focus on selling. If it had been possible to gain actual sales performance data as well as the customer retention rates for the individual branches and look at where branches were positioned in terms of that data, a cluster of branches may have emerged that were able to achieve both sales and retention. This would certainly be an area worthy of further research. These branches may not perform optimally in either retention or sales but together may have a synergistic effect on performance. It is suggested that further research into branches that are able to successfully combine both approaches would be extremely beneficial to practitioners, who are increasingly required to increase customer retention and improve sales performance. It would also give practitioners a better understanding of performance across the branch network and provide them with the necessary information for effectively managing the network. The research could take the form of additional, perhaps longitudinal research into organisational climate in relation to customer care and selling. It could also focus on the leadership style of management for those branches.

8.4.2 Participation, autonomy and organisational climate

Participation was a key differentiator between the high and low retaining branches. As discussed in Section 7.1.1, previous research has shown positive outcomes for

participation or employee involvement was lower in organisations that experienced middle management resistance to employee involvement than those that did not (Fenton-O'Creevy, 1998). This research study has provided tentative support to this previous research. It shows that employees in the high retaining branches perceived that there was a high level of participation in branch activities and decision making, and there was no evidence of middle management resistance to their involvement. In contrast, employees in the low retaining branches perceived that there was less participation in branch activities. What is not known, however, is whether that is because of the branch manager's resistance to involvement and if so what form that resistance takes. For example, it could take a subtle form of resistance that engages in only those employee involvement activities that are visible to senior management (Bradley and Hill, 1987). Or it could take a more obvious form of resistance as it has in this study with the manager of Branch 5 who actively denounced the TQM programme in the branch. It is suggested, therefore, that further research is needed to examine middle management resistance and the conditions that foster or hinder employee participation as companies endeavour to provide a climate for customer care.

Although autonomy was evident in five out of the six branches in this study, the results were not as conclusive for the low retaining branches as they were for the high retaining branches. Some evidence has already been presented in this research as to the linkages between management style and autonomy. However, further research is needed to examine these varied results and examine the conditions under which autonomy is beneficial or detrimental to managing employees, who in turn provide customer care to customers.

8.4.3 Leadership styles and organisational climate

This research was not specifically concerned with focusing on leadership styles and customer retention at a branch level, but rather with identifying employees' perceptions of organisational climate in relation to customer retention. In the process of this work, leadership style has been identified as a factor that may be related to customer retention in a specific service setting. Some support has been found for previous research which shows that organisational climate can be manipulated by leadership styles and practices (Litwin and Stringer, 1968). Previous research has, therefore, been extended by showing tentative support for a relationship between leadership style and customer retention. However, it is suggested that further research into leadership styles and customer retention may provide further evidence concerning these linkages.

In addition to this, research into how the branch managers are themselves managed would be beneficial. For example, in Branch 2, which had no 'common enemy' and where head office and senior managers, the manager and the staff all pulled together for the common good of the customer. Was that purely because of the leadership skills of the branch manager or was it because the area manager was also a good leader and was able to provide consideration, warmth and support for his managers? Similarly in all the other branches which viewed head office and senior managers as the 'common enemy', was that because senior managers were very poor leaders or was it because the managers were not able to assimilate the bank objectives and communicate them to the staff?

There is an underlying assumption within this study and among other climate researchers that indicates that organisational climates can be influenced, changed in some way or manipulated (Pugh and Payne, 1977). This view is present in the work by Schneider and Reichers (1983) which argues the notion of 'management of climate acquisition' as a practical outcome. This suggests that dimensions of climate can be changed and influenced by the actions and decisions of management. In this study, there were indications that management behaviour can influence the climate at branch level. However, it is not known whether or not climate can be changed or if management behaviour can be changed to develop a positive climate for customer retention. Whilst this research did not attempt to address either of these issues, further research by using a longitudinal approach could certainly attempt to assess their validity.

8.4.4 The environment and organisational climate

There has been previous work which has assessed the relationship between environment and organisational climate (Dastmalchian, 1986). However, further research is required into the influences of the environment into management strategies and goals, including how this relates to the managers' attempts to create the kinds of climates in the workplace that pursues such goals. In this research, environmental climate dimensions were expressly excluded from the research as this was considered to be outside the control of the organisation (see Section 2.2.1). However, despite that, tentative support was found for a relationship between environmental factors and organisational climate. As we have seen, this bank was operating in an increasingly uncertain and competitive market, with threats of take-overs and mergers ever present. Senior managers in the bank were being continually pressurised to focus more on selling activities in an attempt to gain market share and improve performance in an increasingly competitive market. In response to these pressures, goals and performance standards in branches focused on sales activities and whilst there were initiatives in place for customer care, the message received by the staff in the branches was that there was a high sales focus in the bank. It can be seen, therefore, how environmental influences can be related to organisational practices, procedures and rewards and future research may wish to extend this research by taking this into consideration.

8.4.5 An integrated approach

In conclusion, it should be emphasised that none of these opportunities for research should be viewed in isolation. Many of them overlap and converge to offer an opportunity for integrated research projects which would extend and develop the field of organisational climate and customer retention. An integrated approach would involve extending the size and scope of this research study and replicating the research not only in case studies within the banking industry, but also within other financial service firms which are also reliant on branch networks, for example building societies. A longitudinal study could also be adopted to assess the enduring nature of employees' perceptions and to allow further examination of the relationship between organisational climate and customer retention rates. As already discussed above, there is, however, evidence in the literature that perceptions are not stable over time (Abercrombie, 1967;

O'Neill, Palmer and Beggs, 1998). Therefore, care should be taken in assessing employees' perceptions in a longitudinal study.

8.5 A Final Word

This chapter concludes the thesis. The contributions to knowledge made by this thesis, plus the inherent limitations of the study have suggested an agenda for future research which it is hoped will advance the field and provide greater insights into the relationship between organisational climate and customer retention. It is hoped that this research has highlighted that improvements in customer care and customer retention should not be considered to be just the concern of marketing professionals within the company but the concern of all employees. In an attempt to gain a strategic advantage in an ever-increasing competitive environment, there is now more need than ever before for closer collaboration between marketing management and human resource management. The aim of that collaboration should be to develop mutually, trusting and profitable relationships for both employees and customers through the effective management of organisational climate in relation to customer care.

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APPENDIX A

SUMMARY THEMES

Appendix A: Summary themes

Summary Themes	Label as found in the literature	Author(s)
Structure	Structure	James & Sells (1981) Jones & James (1979) Johnson (1976) Payne & Pugh (1975) Payne & Mansfield (1973, 1978) Litwin & Stringer (1968) Lewin, Lippitt & White (1939)
	Leader's initiation of structure	Muchinsky (1976) Johnson (1976) Dieterly & Schneider (1974) Campbell et. al. (1970) Morse & Lorsch (1970) Schneider & Bartlett (1968) Cummings (1965)
	Administrative procedures	Muchinsky (1976) La Follette & Sims (1975) Gavin & Howe (1975) Payne & Mansfield (1973, 1978) Frederickson et. al. (1972) House & Rizzo (1971) Morse & Lorsch (1970) Friedlander & Margulies (1969) Halpin & Crofts (1963)
	Managerial effort	Schneider & Bowen (1985) Schneider, Parkington & Buxton (1980)
	Clarity	Moos (1986)
	Policy clarity and efficiency of structure	Gavin & Howe (1975)
	Policy clarity	La Follette & Sims (1975) House & Rizzo (1971)
	Promotion clarity	La Follette & Sims (1975) House & Rizzo (1971)
	Task orientation	Moos (1986)
	Centralisation	Hellriegel & Slocum (1974)
	Job pressure	House & Rizzo (1971) La Follette & Sims (1975)
	Work pressure	Moos (1986)
	Pressure	Hemingway and Smith (1999) Koys & DeCotiis (1991)
	Standards	Litwin & Stringer (1968)

Structure (Cont'd)	Measuring results	Cummings (1965)
	Production emphasis	Halpin & Crofts (1963)
	Time span orientation	Morse & Lorsch (1970)
	Achievement emphasis	Joyce & Slocum (1984) Steers (1977) Pritchard & Karasick (1973) Friedlander & Margulies (1969) Andrews (1967) Kahn et. al. (1964)
	Rules-centred	Payne and Mansfield (1973, 1978) Forehand (1968) Frederickson (1968) Kahn et. al. (1964)
	Routine scales	Payne & Pheysey (1971)
	Control	Moos (1986)
	Autonomy	Hemingway and Smith (1999) Koys and DeCotiis (1991) Moos (1986) Joyce & Slocum (1984) James & Sells (1981) Dieterley & Schneider (1974) Pritchard & Karasick (1973) Campbell et. al. (1970) Gerson & Aderman (1970) Schneider & Bartlett (1968,1970) Forehand (1968) Cummings (1965)
	Individual responsibility	Lawler et. al. (1974) Litwin and Stringer (1968)
	Involvement	Moos (1986)
	Closeness of supervision (reversed)	Joyce and Slocum (1984) Frederickson (1968) Kahn et. al. (1964)
	Organisational flexibility	Steers (1977) Pritchard and Karasick (1973) Cummings (1965)
	Bureaucratic orientation	Schneider, Parkington and Buxton (1980) Schneider and Bowen (1985)
	Enthusiastic orientation	Schneider, Parkington and Buxton (1980) Schneider and Bowen (1985)
	Security v risk	Steers (1977) La Follette & Sims (1975) Payne & Pugh (1975) Lawler et. al. (1974) Litwin & Stringer (1968)

Structure (Cont'd)	Challenge & Risk	Downey et. al. (1975) Gavin & Howe (1975)
	Impulsive	Lawler et. al. (1974)
	Work interest scale	Payne & Pheysey (1971) Payne & Mansfield (1973, 1978)
Recognition and Rewards	Effort rewarded	Schneider, Parkington & Buxton (1980) Schneider and Buxton (1985) Schneider (1975)
	Rewards	Joyce & Slocum (1984) Downey et. al.. (1975) Gavin & Howe (1975) Pritchard & Karasick (1973) Litwin & Stringer (1968)
	Reward-punishment relationship	Steers (1977) Dieterly & Schneider (1974) Campbell et. al. (1970) Cummings (1965)
	Recognition	Koys & DeCotiis (1991)
	Recognition and feedback	Steers (1977)
	Opportunities for growth and advancement	James & Sells (1981)
	Fairness	Koys & DeCotiis (1991)
	Fairness and objectivity of the reward system	James & Sells (1981)
Cohesion	Cohesiveness	Hemingway and Smith (1999) Koys & DeCotiis (1991) Muchinsky (1976) Payne & Pugh (1975) Morse & Lorsch (1970) Friedlander & Margulies (1969)
	Peer cohesion	Moos (1986)
	Identity	Litwin & Stringer (1968)
	Conflict (reversed)	James & Sells (1981) Jones & James (1979) Payne & Pugh (1975) Payne & Mansfield (1973, 1978) House & Rizzo (1971) Friedlander & Margulies (1969) Litwin & Stringer (1968) Schneider & Bartlett (1968)
	Sociability	Payne & Mansfield (1973, 1978)

Warmth and Support	Support	James & Sells (1981) Jones & James (1979) Payne & Pugh (1975) Hellriegel & Slocum (1974) Dieterly & Schneider (1974) Pritchard & Karasick (1973) Friedlander & Greenberg (1971) Campbell et. al. (1970) Litwin & Stringer (1968) Schneider & Bartlett (1968) Kahn et. al. (1964)
	Leader's consideration	Johnson (1976) Franklin (1975) Payne & Pugh (1975) Deiterly & Schneider (1974) Campbell et. al. (1970) Gerson & Aderman (1970) Kaczka & Kirk (1968) Litwin & Stringer (1968) Schneider & Bartlett (1968)
	Authority scales	Payne & Pheysey (1971)
	Leader work facilitation	James & Sells (1981)
	Leader facilitation and support	Hemingway and Smith (1999) Jones & James (1979)
	Supervisor support	Moos (1986)
	Supervisory style	Peterson (1975) Frederickson et. al. (1972) House & Rizzo (1971) Morse & Lorsch (1970)
	Support (superiors)	Koys & DeCotiis (1991)
	Intimacy v. aloofness	Friedlander & Margulies (1969)
	Leader's psychological distance	Payne & Mansfield (1973, 1978)
	Hierarchical influence	James & Sells (1981)
	Managerial trust and consideration	Gavin & Howe (1975)
	Leader trust	James & Sells (1981)
	Trust	Koys & DeCotiis (1991)
	Management insensitivity (reversed)	Joyce & Slocum (1984)
	Management awareness	James & Sells (1981) Payne & Mansfield (1973)
	Openness	James & Sells (1981) Downey et. al.. (1975) Payne & Mansfield (1973, 1978)

Warmth and Support (Cont'd)	Peer relations	Schein (1985, 1992) Joyce & Slocum (1984) Hellriegel & Slocum (1974) Payne & Pheysey (1971)
	Enthusiastic orientation	Schneider, Parkington & Buxton (1980) Schneider & Bowen (1985)
	Warmth	Litwin & Stringer (1968)
	Espirit	James & Sells (1981) Jones & James (1979) Gavin & Howe (1975)
Service specific	Customer retention	Schneider & Bowen (1985) Schneider, Parkington & Buxton (1980)
	Service quality	Schneider & Bowen (1985) Schneider, Parkington & Buxton (1980)
	Role overload, role conflict, role ambiguity	James & Sells (1981) Jones & James (1979)
	Innovation	Koys & DeCotiis (1991) Moos (1986) Johnson (1976) Payne & Pugh (1975) Hellriegel & Slocum (1974) Payne & Mansfield (1973, 1978)

APPENDIX B

CODING SCHEME WITH CODES, DEFINITIONS AND DIMENSIONS

Appendix B: Coding scheme with codes, definitions and dimensions

STRUCTURE (S)

The extent to which there is a perception of a degree of structure imposed on the position

S-COMMUNICATION

The perceived extent to which there is communication between staff and managers within the branch.

Dimensions: Informal.....Formal
 Open.....Closed communication

S-RULES-GENERAL

The extent to which employees perceive that rules and procedures are relied upon in the branch.

Dimensions: Flexible.....Rigid

S-PARTICIPATION

The extent to which employees perceive that they are involved in branch activities and decision making.

Dimensions: High....Low.....Variable

S-GOAL SETTING

The extent to which employees perceive that they are involved in goal setting.

Dimensions: High.....Low
 Bottom up.....Top down

S-AUTONOMY

The extent to which employees perceive that they have autonomy about how to respond with respect to work procedures, goals and priorities.

Dimensions: High.....Low

S-ROLE CLARITY

The extent to which employees perceive clarity of their roles and responsibilities.

Dimensions: Clear.....Unclear

S-ORGANISED

The extent to which employees perceive that the branch is well organised.

Dimensions: (+) well organised.....(-) badly organised

S-PRESSURE

The extent to which employees perceive that they and other members of staff are under pressure with their respective jobs.

Dimensions: High.....Low

S-VARIETY

The extent to which employees perceive that they are able to vary their roles and responsibilities.

Dimensions: High.....Low

S-ROLE CONFLICT

The extent to which employees perceive that there is role conflict and ambiguity in the branch.

Dimensions: Role conflict.....No role conflict

RECOGNITION AND REWARDS (RR)

The extent to which there is a perception that the employees are rewarded and recognised.

RR-PRC (Positive Reinforcement Contingency)

The extent to which employees perceive that they are rewarded and recognised in a positive way, for example, compliments, promotion, monetary incentives, time off etc.

Dimensions: High.....Low

RR-PUNISHMENT CONTINGENCY

The extent to which employees perceive that they are punished for their behaviour or receive negative feedback.

Dimensions: High.....Low

RR-ESCAPE CONTINGENCY

The extent to which employees perceive that a punishment or aversive stimulus is present and they only perform in a minimally acceptable way to 'escape' or terminate the punishment.

Dimensions: High.....Low

RR-AVOIDANCE CONTINGENCY

The extent to which employees make a response to avoid an aversive consequence.

Dimensions: High.....Low

RR-EXTINCTION CONTINGENCY

The extent to which employees perceive that they receive no reinforcement either positive or negative.

Dimensions: High.....Low

RR-EQUITY

The extent to which employees perceive that they are being treated fairly in terms of rewards and recognition and appreciation.

Dimensions: Overrewarded.....Underrewarded
Fair.....Unfair

RR-GOALS

The extent to which employees perceive that goals and/or performance standards are used, including monitoring staff and are effective, as a means of controlling behaviour.

Dimensions: Effective.....Ineffective
A lot.....A little

COHESION (C)

The extent to which employees have a feeling of togetherness and cohesion within the organisation for each other and the group as a whole.

C-COHESION AMONG STAFF

The extent to which the employees perceive a feeling of togetherness, pulling together and cohesion in the branch.

Dimensions: High.....Low

C-GROUP GOALS

The extent to which the group goals are consistent with the organisation's goals

Dimensions: Consistent.....Inconsistent

C-SOCIALISE

The extent to which the staff within the branch socialise together.

Dimensions: High.....Low

C-TEAM

The extent to which employees perceive that the staff within the branch work as a team.

Dimensions: High.....Low

WARMTH AND SUPPORT (WS)

The perception of the extent to which staff provide each other with consideration, warmth and support and get on well with each other and the extent to which managers encourage and provide consideration, warmth and support for their staff.

WS-AMONG STAFF

The extent to which superiors and peers provide each other with consideration, warmth and support and get on well with together.

Dimensions: High.....Low

WS-BY MANAGERS

The extent to which employees perceive that managers provide staff with consideration, warmth and support and get on well with them.

Dimensions: High.....Low

WS-MORALE

The extent to which there is morale among the staff.

Dimensions: High.....Low

WS-TRUST MGT

The extent to which staff trusts the managers/management

Dimensions: High.....Low

CUSTOMER CARE (CC)

The extent to which employees perceive that there is a focus on practices and procedures in relation to customer care in the branch and employees' perception of overall customer care and service quality.

CC-PRACTICES PROCEDURES

The practices and procedures in relation to customer care which employees perceive in the branch.

CC-PRACTICES GENERAL

The extent to which employees perceive that there is a focus on practices and procedures in relation to customer care in the branch.

Dimensions: High.....Low

CC-SERVICE QUALITY

Employees' perception of overall service quality.

Dimensions: Excellent.....Poor

CC-CUSTOMER CARE

The extent to which employees perceive that there is a genuine interest and care for the customers within the branch.

Dimensions: High.....Low

CC-CUSTOMER RETENTION PRACTICES

The extent to which employees perceive that there is an active attempt to retain customers and foster customer loyalty in the branch.

Dimension: Active attempt to retain customers.....No attempt made to retain customers

CC-ROLE CONFLICT

The extent to which employees perceive that there is a focus on sales and service in the bank and experience no role conflict in dealing with sales and service or perceive that they are being pulled in different directions in terms of customer care and selling.

Dimensions: Role conflict.....No role conflict

CC-INNOVATIVE

The extent to which employees perceive that the TQM, Starburst and other innovative initiatives are still active in the branch and are effective.

Dimensions: Active.....Inactive

APPENDIX C

BRANCHES SELECTED, INCLUDING SUMMARY OF BRANCH VARIABLES

Appendix C: Branches selected, including summary of branch variables

Branch No.	Population	Type	No. of accounts open and active after 3 years	Retention rate %	Dormancy	Closed account in last 6 months %	No. of Employees	Average Age Years	Average Length of Service	Full time/ Part time	Female /Male split	No. of Accts. open and Active After 3 Yrs Per Employee	Length of Service of Manager Years
1	125,948	Town	4026	75.71	9.08	15.21	17	32.41	9.12	2:1	2.4:1	236.82	21
2	119,343	Town	2211	72.11	9.43	18.46	18	31.88	11.50	1.25:1	2:1	122.83	21
3	106,103	Town	2306	70.10	11.18	18.72	15	30.67	10.07	4:1	4:1	153.73	21
Average	117,131		2847.67	72.64	9.90	17.46	16.67	31.65	10.23	2.42:1	2.8:1	171.13	21

4	182,014	Town	1924	63.25	17.95	18.80	21	30.09	10.00	4:1	2:1	91.62	17
5	180,950	Town	1713	63.16	10.73	26.11	20	30.85	6.80	3:1	2:1	85.65	19
6	117,648	Town	2307	62.45	19.44	18.11	16	35.56	10.75	3:1	2:1	144.19	28
Average	160,204		1981.33	62.95	16.04	21.01	19.00	32.17	9.18	3.33:1	2:1	107.15	21.33
Average for sample	138,667	Town	2414.5	67.80	12.97	19.23	17.83	31.91	9.70	2.87:1	2.4:1	139.14	21.17

APPENDIX D

COVERING LETTER TO STAFF AND QUESTIONNAIRE

Appendix D: Covering letter to staff and questionnaire

Dear Staff Member

My name is Moira Clark and I am a lecturer at the Cranfield School of Management. I am currently undertaking a research project in Banking and Mr Smith, Director of Product Marketing at the XYZ bank, has arranged for me to undertake this research in a number of bank branches.

I must stress that this research is **strictly confidential** and that all the completed questionnaires and discussions are for ‘**my eyes only**’. The bank will only receive the research results in an aggregate form and under no circumstances will individuals or branches be separately identified.

I will be arriving at the branch on Thursday 28 March at 10.00am and would be grateful if you could complete the questionnaire before my arrival and hand it to me personally on the day to ensure confidentiality. It should only take approximately 10 minutes to complete.

I have also arranged to speak with a number of members of staff on the day and would greatly appreciate your cooperation with my research.

Finally, I would like to re-emphasize that your replies will be kept absolutely confidential and will only be used to form an overall picture of the views of members of the XYZ staff.

Yours sincerely

Moira Clark
Lecturer in Marketing

QUESTIONNAIRE

Name:

Job Title:

In this section I want to know how you and others view certain things that are involved in servicing customers. Please tell me (1) how essential you feel these things are for giving good customer service, and (2) how essential you feel Bank management feels these things are for giving good customer service.

In the space beside each statement write:

- 1 - if it is not essential
- 2 - if it is somewhat essential
- 3 - if it is very essential

For example, when answering the question shown below, if you believe it is very essential to keep the branch clean and tidy, score 3 in the 2nd column. If you believe that bank management thinks it is somewhat essential but not very essential to keep the branch clean and tidy, score 2 in the 3rd column.

	How essential you feel it is:	How essential you think bank management feels it is:
Keeping the branch tidy and clean	3	2

Now record your answers for the following questions:

		How essential you feel it is:	How essential you think bank management feels it is:
1	Strictly following all rules and procedures of bank		
2	Keeping a sense of 'family' among all bank employees		
3	Being able to know and address customers by name		

		How essential you feel it is:	How essential you think bank management feels it is:
4	Giving customers special treatment if they have a large balance in their account		
5	Being able to perform different jobs in the branch		
6	Doing one's job in a routine-like fashion		
7	Having cooperation among branch employees		
8	Having bank branches involved in community affairs		
9	Having all branches offer the same services		
10	Having all employees coordinate work activities		
11	Checking identification of all customers including well-known customers		
12	Using only established methods for solving customers' problems		
13	Meeting sales quotas set for the branch by bank management		
14	Performing more than assigned job duties		
15	Maintaining a consistent position in the consumer marketplace		
16	Showing personal concern for any customers' banking problems		
17	Taking the time to give detailed explanations of services to customers		
18	Maintaining an emphasis on quality rather than quantity of service		
19	Giving customer service in new and creative ways		
20	Consulting branch staff about changes		
21	Obtaining a unique identity as a bank		

Please tick the box which you feel is most appropriate.

		Very true	Somewhat true	Not true
22	The bank uses high-quality paper for printing forms, checks, deposit slips etc			
23	We try and save the valuable customers and let the others fade away			
24	The branch manager supports employees when they come up with new ideas on customer service			
25	People who work in head office are sympathetic to the problems of the branch			
26	We are well prepared by Marketing for the introduction of new products or services			
27	The branch manager sets definite quality standards for good customer service			
28	The branch manager meets regularly with employees to discuss work performance goals			
29	We single out some customers for special attention in my branch			
30	Equipment and machinery in the branch are well-serviced and rarely break			
31	The branch always has adequate supplies (deposit/withdrawal slips etc)			
32	Staff in my branch are too busy trying to sell new accounts rather than save old ones			

		Very true	Somewhat true	Not true
33	The branch has been losing important customers recently			
34	The branch manager gets the people in different jobs to work together in serving branch customers			
35	Customers say they like the equipment and machinery used to serve them			
36	When marketing introduces new services, they are well-liked by customers			
37	When customers try to close their accounts no one really tries to keep them			
38	The branch manager takes time to help new employees learn about the branch and its customers			
39	The bank's management makes sure that each branch is adequately staffed			
40	We are rewarded and appreciated for the extra effort that we make when dealing with customers			
41	The branch manager accepts the responsibilities of his/her job			
42	My branch manager works at keeping an orderly routine going in the branch			
43	The employees sent to us by personnel are able to do their jobs well			

44	Would you describe the overall quality of service in your branch as:	Outstanding	
		Excellent	
		Good	
		Not so good	
		Terrible	

Thank you for your cooperation

APPENDIX E

REVISED CODING SCHEME WITH CODES, DEFINITIONS AND DIMENSIONS

Appendix E: Revised coding scheme with codes, definitions and dimensions

STRUCTURE (S)

The extent to which there is a perception of a degree of structure imposed on the position

S-COMMUNICATION

The perceived extent to which there is communication between staff and managers in the branch.

Dimensions: Informal.....Formal
Open.....Closed communication

S-RULES-GENERAL

The extent to which employees perceive that rules and procedures are relied upon in the branch.

Dimensions: Flexible.....Rigid

S-RULES-BETWEEN BRANCHES

The extent to which employees perceive that rules, procedures and routines vary between branches.

Dimensions: Vary alot....Vary a little

S-PARTICIPATION

The extent to which employees perceive that they are involved in branch activities and decision making.

Dimensions: High....Low.....Variable

S-AUTONOMY

The extent to which employees perceive that they have autonomy about how to respond with respect to work procedures, goals and priorities.

Dimensions: High.....Low

S-ROLE CLARITY

The extent to which employees perceive clarity of their roles and responsibilities.

Dimensions: Clear.....Unclear

S-ORGANISED

The extent to which employees perceive that the branch is well organised.

Dimensions: (+) well organised..... (-) badly organised

S-STAFFING

The extent to which employees perceive that the branch has an adequate number of staff, or a reasonable workload for the staff or is losing staff.

Dimensions: Enough staff Not enough staff

S-STAFFING-EQUITY

The extent to which employees perceive that employees are being treated fairly in terms of distribution of work load

Dimensions Fair.....Unfair

S-PRESSURE

The extent to which employees perceive that they and other members of staff are under pressure with their respective jobs.

Dimensions High.....Low

S-VARIETY

The extent to which employees perceive that they are able to vary their roles and responsibilities

Dimensions: High.....Low

RECOGNITION AND REWARDS (RR)

The extent to which there is a perception that the employees are rewarded and recognised.

RR-PRC (Positive Reinforcement Contingency)

The extent to which employees perceive that they are rewarded and recognised in a positive way, for example, compliments, promotion, monetary incentives, time off etc.

RR-PUNISHMENT (Punishment contingency)

The extent to which employees perceive that they are punished for their behaviour or receive negative feedback.

RR-ESCAPE (Escape contingency)

The extent to which employees perceive that a punishment or aversive stimulus is present and they only perform in a minimally acceptable way to 'escape' or terminate the punishment.

RR-AVOIDANCE (Avoidance contingency)

The extent to which employees make a response to avoid an aversive consequence.

RR-EXTINCTION (Extinction contingency)

The extent to which employees perceive that they receive no reinforcement either positive or negative.

RR-EQUITY

The extent to which employees perceive that they are being treated fairly in terms of rewards, recognition and appreciation.

Dimensions: Overrewarded.....Underrewarded
Fair.....Unfair

RR-GOALS

The extent to which employees perceive that goals and/or performance standards are used, including monitoring staff and are effective, as a means of controlling behaviour.

Dimensions: Effective.....Ineffective
A little.....A lot
Used....Not used

COHESION (C)

The extent to which employees have a feeling of togetherness and cohesion within the organisation for each other and the group as a whole.

C-COHESION AMONG STAFF

The extent to which the employees perceive a feeling of togetherness, pulling together and cohesion in the branch.

Dimensions: High.....Low

C-SOCIALISE

The extent to which the staff within the branch socialise together.

Dimensions: High.....Low

C-SHARED PERCEPTION

The extent to which there is a shared perception among the staff which stops the group members challenging and confronting issues.

Dimensions: High.....Low

C-TEAM

The extent to which employees perceive that the staff within the branch work as a team.

Dimensions: High.....Low

WARMTH AND SUPPORT (WS)

The perception of the extent to which staff provide each other with consideration, warmth and support and get on well with each other and the extent to which managers encourage and provide consideration, warmth and support for their staff.

WS-AMONG STAFF

The extent to which staff provide each other with consideration, warmth and support and get on well together.

Dimensions: High.....Low

WS-MORALE

The extent to which there is morale among the staff.

Dimensions: High.....Low

WS-BY MANAGERS

The extent to which employees perceive that managers provide staff with consideration, warmth and support and get on well with them (includes MBWA)

Dimensions: High.....Low

WS-TRUST MGT

The extent to which staff trust the managers/management.

Dimensions: High.....Low

WS-FROM HEAD OFFICE/SENIOR MANAGERS

The extent to which head office provides branch staff with consideration, warmth and support and gets on well with them.

Dimensions: High.....Low

CUSTOMER CARE (CC)

The extent to which employees perceive that there is a focus on practices and procedures in relation to customer care in the branch and employees’ perception of overall customer care and service quality.

CC-PRACTICES PROCEDURES

The practices and procedures in relation to customer care which employees perceive in the branch.

CC-PRACTICES-GENERAL

The extent to which employees perceive that there is a focus on practices and procedures in relation to customer care in the branch. (includes mystery shopper and observations)

Dimensions: High.....Low
 (+) in a positive way.....(-) in a negative way
 Effective.....Ineffective

CC-PRACTICES-BEHAVIOUR-GENERAL

The extent to which employees perceive that there is a focus on practices and procedures in relation to customer care in the branch and how it impacts on attitude and behaviour of staff

Dimensions (+).....(-)

CC-PRACTICES-SALES

The extent to which employees perceive that there is a focus on sales practices and procedures in relation to customer care in the branch.

Dimensions: (+) Focus on sales for the benefit of the customer.....(-) Focus on sales to detriment of customer() Sales Orientation

CC-PRACTICES-BEHAVIOUR-SALES

The extent to which employees perceive that there is a focus on sales practices and procedures in relation to customer care in the branch and how it impacts on attitude and behaviour.

Dimensions: (+).....(-)

CC-ROLE CONFLICT

The extent to which employees perceive that there is a focus on sales and service in the bank and experience no role conflict in dealing with sales and service or perceive that they are being pulled in different directions in terms of customer care and selling

Dimensions: Role conflict.....No role conflict

CC-MGT-SALES-ROLE CONFLICT

The extent to which managers perceive that they are being pulled in different directions in terms of selling and service.

Dimensions: Role conflict.....No role conflict

CC-SALES-SERVICE DIVISION

The extent to which employees perceive that there is a division between sales and service people in the branch and how it impacts on attitudinal behaviour.

Dimensions (+) in a positive way.....() in a negative way
 () sales-service division (no) no sales-service division

CC-PRACTICES-TRAINING

The extent to which employees perceive that there is a focus on training practices and procedures in relation to customer care in the branch.

Dimensions: Too much.....Not enough
Flexible.....Rigid
Effective.....Ineffective
(+) Time (Takes too much time to do it)....(-) Time (Not enough time to do it)
Passive.....Interactive

CC-INNOVATIVE

The extent to which employees perceive that the TQM, Sunshine and other innovative initiatives are still active in the branch and are effective in contributing to customer care

Dimensions: Active.....Inactive
Effective.....Ineffective

CC-SERVICE QUALITY

Employees' perception of overall service quality.

Dimensions: Excellent.....Poor
Important.....Not important
High.....Low
MS (Mystery Shopper Score against national average)
SSM (Senior Service Management checks, should be above green)

CC-CUSTOMER CARE

The extent to which employees perceive that there is a genuine interest and care for the customers within the branch.

Dimensions: High....Low

CC-CUSTOMERS TREATED EQUALLY

The extent to which employees perceive that customer are treated equally by the staff in the branch regardless of their value to the bank

Dimensions: Yes.....No

CC-CUSTOMER RETENTION PRACTICES

The extent to which employees perceive that there is an active attempt to retain customers and foster customer loyalty in the branch.

Dimension: Active attempt (to retain customers).....No attempt (made to retain customers)
Depends on value.....Doesn't depend on value

CC-HO-PRACTICES

The extent to which employees perceive HO practices and procedures impact on customer care at the branch level.

Dimensions: (+).....(-)

= CUSTOMER CARE

The extent to which any of the above impact on customer care.

APPENDIX F

CODING SHEETS FOR THE BRANCHES

Appendix F: Coding sheets for branch:

Coding sheet 1 for branch:						
	STAFF MEMBERS					
STAFF CODES						
STAFF GRADES						
STRUCTURE						
S-COMMUNICATION Informal.....Formal Open.....Closed						
S-RULES-GENERAL Flexible.....Rigid						
S-RULES-BETWEEN BRANCHES Vary alot.... Vary a little						
S-PARTICIPATION High.....Low.....Variable						
S-AUTONOMY High....Low						
S-ROLE CLARITY Clear.....Unclear						
S-ORGANISED (+)......(-)						
STAFFING Enough.....Not enough						
S-STAFFING-EQUITY Fair.....Unfair						
S-PRESSURE High.....Low						
S-VARIETY High.....Low						

Coding sheet 2 for branch:						
	STAFF MEMBERS					
STAFF CODES						
STAFF GRADES						
RECOGNITION AND REWARDS						
RR-PRC						
RR-PUNISHMENT						
RR-ESCAPE						
RR-AVOIDANCE						
RR-EXTINCTION						
RR-EQUITY Overrewarded..Underrewarded Fair.....Unfair						
RR-GOALS Effective.....Ineffective A little.....A lot Used.....Not used						
COHESION						
C-COHESION AMONG STAFF High.....Low						
C-SOCIALISE High.....Low						
C-SHARED PERCEPTION High.....Low						
C-TEAM High.....Low						

Coding sheet 3 for branch:						
	STAFF MEMBERS					
STAFF CODES						
STAFF GRADES						
WARMTH AND SUPPORT						
WS-AMONG STAFF High....Low						
WS-MORALE High.....Low						
WS-BY MANAGERS High.....Low						
WS-TRUST MGT High.....Low						
WS-FROM HEAD OFFICE/ SENIOR MANAGERS High.....Low						
CUSTOMER CARE						
CC-PRACTICES PROCEDURES						
CC-PRACTICES- GENERAL High.....Low (+)......(-) Effective.....Ineffective						
CC-PRACTICES- BEHAVIOUR-GENERAL (+)......(-)						
CC-PRACTICES-SALES (+)(-)()						
CC-PRACTICES- BEHAVIOUR-SALES (+)......(-)						
CC-ROLE CONFLICT Role conflict.....No role conflict						

Coding sheet 4 for branch:						
	STAFF MEMBERS					
STAFF CODES						
STAFF GRADES						
CC-MGT-SALES-ROLE CONFLICT Role conflict.....No role conflict						
CC-SALES-SERVICE DIVISION (+).....(-) ().....(No)						
CC-PRACTICES- TRAINING Too much.....Not enough Flexible.....Rigid Effective.....Ineffective (+) Time.....(-) Time Passive.....Interactive						
CC-INNOVATIVE Active.....Inactive Effective.....Ineffective						
CC-SERVICE QUALITY Good.....Poor Important.....Not important High.....Low MS (Mystery Shopper Score 80% is the average) SSM (Senior Service Management Checks)						
CC-CUSTOMER CARE Highl.....Low						
CC-CUSTOMERS TREATED EQUALLY Yes.....No						

Coding sheet 5 for branch:						
	STAFF MEMBERS					
STAFF CODES						
STAFF GRADES						
CC-CUSTOMER RETENTION PRACTICES Active attempt..No attempt Depends on Value.....Doesn't depend on value						
CC-HO-PRACTICES (+)......(-)						

Note = customer care or = cc refers to the extent to which any of the above impact on customer care

APPENDIX G

CODING SHEETS FOR BRANCH 2

Appendix G: Coding sheets for Branch 2

Coding sheet 1 for branch: 2						
	STAFF MEMBERS					
STAFF CODES	PL	SN	MW	SL	IS	MR
STAFF GRADES	SCSO	CSO	CSO	BA	ASSISTANT MANAGER	MANAGER
STRUCTURE						
S-COMMUNICATION Informal.....Formal Open.....Closed			Open 1 Informal 2 Open 3 Open 4 Open 5 Open 6	Open 1		Open 1 Formal 2
S-RULES-GENERAL Flexible.....Rigid	flexible 1 flexible 2		flexible 1 " 2 " 3 " 4 " 5 " 6	Rigid 1 Rigid 2	Rigid 1 HO flexible 2 flexible 3 Rigid 4 HO Rigid 5 HO Rigid 6	flexible 1 flexible 2 flexible 3
S-RULES-BETWEEN BRANCHES Vary alot....Vary a little			Vary alot 1			Vary alot 1 " 2 " 3 " 4 " 5
S-PARTICIPATION High.....Low.....Variable		High 1	High 1 High 2 High 3 High 4			
S-AUTONOMY High....Low			High 1			High 1 High 2
S-ROLE CLARITY Clear.....Unclear			Clear 1 Clear 2			
S-ORGANISED (+).....(-)	(+) 1		(+) 1 (+) 2	(+) 1 (+) 2	(+) 1	(+) 1
STAFFING Enough.....Not enough		not enough 1 " " 2 " " 3	not enough 1		not enough 1	
S-STAFFING-EQUITY Fair.....Unfair						
S-PRESSURE High.....Low			High 1			
S-VARIETY High.....Low	High 1	High 1	High 1 High 2 High 3			

Coding sheet 2 for branch: 2						
	STAFF MEMBERS					
STAFF CODES	PL	SN	MW	SL	IS	MR
STAFF GRADES	SCSO	CSO	CSO	BA	ASSISTANT MANAGER	Manager
RECOGNITION AND REWARDS						
RR-PRC	✓1 ✓2 ✓3	✓1	✓1 ✓2 ✓3		✓1 ✓2	✓1 ✓5 ✓2 ✓6 ✓3 ✓7 ✓4 ✓8
RR-PUNISHMENT			✓1 ✓2	✓1	✓1 ✓2	✓1
RR-ESCAPE						
RR-AVOIDANCE						
RR-EXTINCTION						✓1 HO
RR-EQUITY Overrewarded..Underrewarded Fair.....Unfair	Fair 1				Unfair 1	
RR-GOALS Effective.....Ineffective A little.....A lot Used.....Not used			Eff. 1 Eff. 2		Eff 1 Eff 2 Eff 3 Eff 4 Eff 5 Eff 6	Eff 1 Eff 2 Eff 3 Eff 4 Eff 5 Eff 6 Eff 7.
COHESION						
C-INTERACTION AMONG STAFF High.....Low			High 1			High 1 High 2
C-SOCIALISE High.....Low	High 1	High 1 High 2	High 1	High 1		
C-SHARED PERCEPTION High.....Low	High 1			High 1		
C-TEAM High.....Low			High 1 High 2 High 3		High 1	

Coding sheet 3 for branch: 2						
	STAFF MEMBERS					
STAFF CODES	PL	SN	MW	SL	IS	MR
STAFF GRADES	SCSO	CSO	CSO	BA	ASSISTANT MANAGER	MANAGER
WARMTH AND SUPPORT						
WS-AMONG STAFF High....Low			High 1	High 1 High 2=CC		
WS-MORALE High.....Low			High 1			
WS-BY MANAGERS High.....Low	High 1 High 2 High 3	High 1		Low 1 Low 2 Low 3 High 4	High 1	High 1
WS-TRUST MGT High.....Low						
WS-FROM HEAD OFFICE/ SENIOR MANAGERS High.....Low				Low 1 High 2		
CUSTOMER CARE						
CC-PRACTICES PROCEDURES			Balance up Tills 1			Customer name 1=CS
CC-PRACTICES- GENERAL High.....Low (+).....(-) Effective.....Ineffective	High 1 High 2	High 1	(+) 1	(+) 1	(+) 1 (+) 2	High 1
CC-PRACTICES- BEHAVIOUR-GENERAL (+).....(-)						
CC-PRACTICES-SALES (+)(-)()	() 1	(+) 1	(+) 1			() 1 () 2 () 3
CC-PRACTICES- BEHAVIOUR-SALES (+).....(-)		(+) 1	(+) 1 (+) 2			
CC-ROLE CONFLICT			✓1 ✓2 ✓3	✓1		
CC-NO ROLE CONFLICT						

Coding sheet 4 for branch: 2						
	STAFF MEMBERS					
STAFF CODES	PL	SN	MW	SL	IS	MR
STAFF GRADES	SCSO	CSO	CSO	BA	ASSISTANT MANAGER	MANAGER
CC-MGT-SALES-ROLE CONFLICT Role conflict.....No role conflict						
CC-SALES-SERVICE DIVISION (+).....(-) ().....(No)	() 1 (No) 2 (-) 3					
CC-PRACTICES- TRAINING Too much.....Not enough Flexible.....Rigid Effective.....Ineffective (+) Time.....(-) Time Passive.....Interactive		Eff. 1	Eff. 1 Flexible 2 Flexible 3	Ineff. 1 Ineff. 2		Eff. 1 Eff. 2 Eff. 3 (-) 4 Eff 5
CC-INNOVATIVE Active.....Inactive Effective.....Ineffective	TOP active 1 TOP Eff 2	TOP active 1 TOP Eff 2	TOP active 1 TOP Eff 2 TOP Eff 3 = CS TOP active 4 TOP Eff 5 = CS TOP active 6 TOP Eff 7 TOP Eff 8 = CS		Star active 1 TOP active 2 TOP Eff 3 TOP active 4 TOP Eff 5 Star active 6 Star Eff 7	Star active 1 Star Eff 2 Star active 3 Star active 4 TOP active 5 TOP Eff 6 Star active 7
CC-SERVICE QUALITY Good.....Poor Important.....Not important High.....Low MS (Mystery Shopper Score 80% is the average) SSM (Senior Service Management Checks)		Good 1		Good 1 Good 2	SSM Amber 1	MS 188% (High than national average)
CC-CUSTOMER CARE High.....Low		High 1	High 1 High 2 High 3 High 4	High 1 High 2	High 1 High 2 High 3	High 1 High 2

Coding sheet 5 for branch: 2						
	STAFF MEMBERS					
STAFF CODES	PL	SN	MW	SL	IS	MR
STAFF GRADES	SCSO	CSO	CSO	BA	ASSISTANT MANAGER	MANAGER
CC-CUSTOMERS TREATED EQUALLY Yes.....No		yes 1 yes 2				
CC-CUSTOMER RETENTION PRACTICES Active attempt..No attempt Depends on Value.....Doesn't depend on value			doesn't 1 active 2	active 1		
CC-HO-PRACTICES (+)......(-)		(-) 1				

- Key:**
- SCSO – Senior Customer Services Officer
 - CSO – Customer Services Officer
 - BA – Branch Advisor
 - HO – Head Office
 - CC – Customer Care, refers to the extent to which any of the above impact on customer care
 - TQM – Total Quality Management Programme
 - Star – Starburst initiative

APPENDIX H

CODING SUMMARY SHEETS FOR ALL SIX BRANCHES

Appendix H: Coding summary sheets for all six branches

Sheet 1	High retaining branches			Total	Low retaining branches			Total
	1	2	3		4	5	6	
STRUCTURE								
S-COMMUNICATION								
Informal	-	1	-	1	-	1	-	1
Formal	2	1	1	4	2	-	-	2
Open	6	7	14	27	1	1	4	6
Closed	1	-	2	3	4	4	5	13
S-RULES-GENERAL								
Flexible	16	13	12	41	4	1	-	5
Rigid	2	6 (3 HO)	1	9 (3 HO)	1	-	10	11
S-RULES-BETWEEN BRANCHES								
Vary a lot	2	6	-	8	1	-	-	1
Vary a little	-	-	-	-	-	-	-	-
S-PARTICIPATION								
High	6	5	3	14	3	-	-	3
Low	-	-	1	1	1	-	1	2
Variable	1	-	-	1	-	1	-	1
S-AUTONOMY								
High	3	3	5	11	7	6	3	16
Low	-	-	-	-	-	1 (for manager)	9	10 (1 fo manage
S-ROLE CLARITY								
Clear	6	2	-	8	1	-	-	1
Unclear	-	-	-	-	2	5	2	9
S-ORGANISED								
(+)	15	7	-	22	-	-	-	-
(-)	-	-	1	1	7	3 (2 for manager)	2	12 (2 fo manage
S-STAFFING								
Enough.	-	-	-	-	-	-	-	-
Not enough	4	5	14	23	14	13	22	49**

Coding summary sheet 2

	High retaining branches			Total	Low retaining branches			Total
	1	2	3		4	5	6	
STRUCTURE CONT.								
S-STAFFING-EQUITY								
Fair	-	-	-	-	-	-	-	-
Unfair	-	-	-	-	1	-	-	1
S-PRESSURE								
High	-	1	3	4	14	17	11	42
Low	-	-	1	1	2	-	-	2
S-VARIETY								
High	2	5	3	10	-	-	-	-
Low	-	-	-	-	4	-	2	6
Total	+46	+39	+15	+100	-31	-35	-57	-123
Ave. for high and low retaining branches				+33				-41
RECOGNITION AND REWARDS								
RR-PRC								
Reward	11	17	15	43	7	3	3	13
Punishment	8	6	7	21	4	9	17	30
RR-ESCAPE								
	-	-	-	-	4	-	2	6
RR-AVOIDANCE								
	-	-	2	2	-	-	-	-
RR-EXTINCTION								
	9 (1 HO)	1 (1HO)	-	10 (2 HO)	3	4	8	15
RR-EQUITY								
Over-rewarded	-	-	-	-	-	-	-	-
Under-rewarded	-	-	10 (5 £HO)	10 (5£HO)	1	8	13	22
Fair	1	1	-	2	-	1	-	1
Unfair	3 (1HO)	1	3 (1HO)	7 (1 HO)	3	1	19	23

Coding summary sheet 3

	High retaining branches			Total	Low retaining branches			Total
	1	2	3		4	5	6	
RECOGNITION AND REWARDS CONT.								
RR-GOALS								
Effective	7	15	16	38	5	10	14	29
Ineffective	1	-	1	2	5	1	7	13
A lot	-	-	-	-	2	2	3	7
A little	-	-	-	-	-	-	-	-
Used	-	-	-	-	-	-	1	1
Not used	-	-	-	-	2	-	-	2
Total	-1	+26	+14	+39	-8	-9	-49	-66
Ave. for high and low retaining branches				+13				-22
COHESION								
C-INTERACTION AMONG STAFF								
High	3	3	1	7	-	-	-	-
Low	-	-	-	-	-	3	-	3
C-SOCIALISE								
High	7	5	3	15	1	3	1	5
Low	-	-	-	-	-	1	-	1
C-SHARED PERCEPTION								
High	4	2	-	6	-	-	-	-
Low	-	-	-	-	-	-	-	-
C-TEAM								
High	5	4	6	15	-	-	3	3
Low	-	-	2	2	-	-	8	8
Total	+19	+14	+8	+41	+1	-1	-4	-4
Ave. for high and low retaining branches				+14				-1

Coding summary sheet 4

	High retaining branches			Total	Low retaining branches			Total
	1	2	3		4	5	6	
WARMTH AND SUPPORT								
WS-AMONG STAFF								
High	13	3	12	28	2	3	2	7
Low	-	-	-	-	-	3	2	5
WS-MORALE								
High	-	1	-	1	-	1	-	1
Low	-	-	-	-	4	2	5	11
WS-BY MANAGERS								
High	8	7	9	24	5	1	2 (1 by mger)	8 (1 by mger)
Low	2	3	-	5	1	13	8	22
WS-TRUST MGT								
High	-	-	-	-	-	-	-	-
Low	-	-	-	-	2	1	-	3
WS-FROM HEAD OFFICE/ SENIOR MANAGERS								
High	-	1	-	1	1	-	-	1
Low	6	1	10	17	8	5	10	23
Total	+19	+8	+21	+48	0	-14	-11	-25
Ave. for high and low retaining branches				+16				-8
CUSTOMER CARE								
CC-PRACTICES-GENERAL								
High	5	4	8	17	4	4	-	8
Low	-	-	-	-	1	1	1	3
(+)	-	4	6	10	7	3	1	11
(-)	-	-	2	2	5	4	11	20
Effective	-	-	5	5	-	1	-	1
Ineffective	-	-	1	1	3	-	-	3

Coding summary sheet 5

	High retaining branches			Total	Low retaining branches			Total
	1	2	3		4	5	6	
CUSTOMER CARE CONT.								
CC-PRACTICES- BEHAVIOUR- GENERAL								
(+)	1	-	3	4	2	-	-	2
(-)	2	-	5	7	13	2	2	17
CC-PRACTICES- SALES								
(+)	6	2	3	11	1	2	3	6
(-)	20	-	5	25	3	2	9	14
()	5	4	9	18	6	8	7	21
CC-PRACTICES- BEHAVIOUR-SALES								
(+)	3	3	2	8	-	-	-	-
(-)	10	-	11	21	3	2	14	19
CC-ROLE CONFLICT								
Role conflict	20	-	3	21	1	1	4	6
No role conflict	-	4	2	7	1	-	-	1
CC-MGT-SALES- ROLE CONFLICT								
Role conflict	-	-	-	-	1	-	2	3
No role conflict	-	-	-	-	-	-	-	-
CC-SALES-SERVICE DIVISION								
(+)	-	-	-	-	-	2	-	2
(-)	-	1	1	2	-	2	8	10
()	-	1	-	1	-	4	-	4
(No)	1	1	10	12	-	-	-	-

Coding summary sheet 6

	High retaining branches			Total	Low retaining branches			Total
	1	2	3		4	5	6	
CUSTOMER CARE CONT.								
CC-PRACTICES- TRAINING								
Too much.	-	-	-	-	-	-	1	1
Not enough	1	-	-	1	1	4	3	8
Flexible	6	2	1	9	3	-	-	3
Rigid	2 (2 HO)	-	-	2 (2HO)	1	-	-	1
Effective	3	6	3	12	4	1	2	7
Ineffective	3 (3 HO)	2	-	5 (3HO)	7	-	-	7
(+) Time	-	-	-	-	-	-	1	1
(-) Time	-	1	-	1	2	1	2	5
Passive	-	-	-	-	-	-	-	-
Interactive	-	-	2	2	1	-	2	3
CC-INNOVATIVE								
Active	2	14	16	32	3	2	4	9
Inactive	-	-	-	-	2	5	4	11
Effective	1	12	22	35	1	-	1	2
Ineffective	-	-	-	-	-	8	1	9
CC-SERVICE QUALITY								
Good	2	3	-	5	1	-	1	2
Poor	-	-	-	-	9	1	2	12
MS (Mystery Shopper Score 80% is the average)		88% Amber	65%	65% 88% Amber 1	67% 32%	71%	4% above Amber	32% 71% 84% Amber
SSM (Senior Service Management Checks - should be above green)								
CC-CUSTOMER CARE								
High	13	12	6	31	1	-	4	5
Low	-	-	-	-	3	5	9	17

Coding summary sheet 7

	High retaining branches			Total	Low retaining branches			Total
	1	2	3		4	5	6	
CUSTOMER CARE CONT.								
CC-CUSTOMERS TREATED EQUALLY								
Yes	3	2	1	6	1	-	-	1
No	-	-	-	-	1	1	4	6
CC-CUSTOMER RETENTION PRACTICES								
Active attempt	12	2	3	17	2	2	3	7
No attempt	-	-	-	-	1	3	1	5
Depends on Value	2	-	2	4	4	3	6	13
Doesn't depend on value	1	1	-	2	-	-	-	-
CC-HO-PRACTICES								
(+)	2	-	-	2	-	-	-	-
(-)	13	1	15	29	5	6	3	14
Total	-12	+62	+43	+92	-40	-46	-74	-160
Ave. for high and low retaining branches				+31				-53

APPENDIX I

STAFF PROFILES FOR THE SIX BRANCHES

Appendix I: Staff profiles for the six branches

Appendix I.1					
Staff profiles for branch 1					
Staff member	Job title	Gender	Age	Length of service yrs.	Hours
MK	Manager	Male	37	21	35
MP	Assistant manager	Male	28	10	35
AW	Customer services officer	Male	20	2	35
LO	Customer services officer	Male	22	6	35
JS	Customer services officer	Female	42	7	17.5
LF	Customer services officer	Female	44	9	15

Appendix I.2					
Staff profiles for branch 2					
Staff member	Job title	Gender	Age	Length of service yrs.	Hours
MR	Manager	Male	37	21	35
IS	Assistant manager	Male	45	28	35
PL	Senior customer services officer	Female	31	12	35
MW	Customer services officer	Male	25	6	35
SN	Customer services officer	Female	44	8	25
SL	Branch advisor	Female	30	12	35

Appendix I.3					
Staff profiles for branch 3					
Staff member	Job title	Gender	Age	Length of service yrs.	Hours
CJJ	Manager	Female	37	21	35
LL	Assistant manager	Female	39	24	35
KK	Senior customer services officer	Female	35	18	35
CJ	Customer services officer	Female	27	9	35
MH	Customer services officer	Female	44	7	35
JT	Branch advisor	Female	25	5	35

Appendix I.4					
Staff profiles for branch 4					
Staff member	Job title	Gender	Age	Length of service yrs.	Hours
SS	Manager	Male	33	17	35
EM	Customer services manager	Female	38	22	35
LF	Senior customer services officer	Female	28	12	35
BH	Customer services officer	Female	35	18	35
SA	Customer services officer	Male	25	8	35
KL	Branch advisor	Female	28	12	35

Appendix I.5					
Staff profiles for branch 5					
Staff member	Job title	Gender	Age	Length of service yrs.	Hours
JN	Manager	Male	36	19	35
JD	Assistant manager	Female	30	9	35
DS	Senior customer services officer	Female	32	12	35
CS	Customer services officer	Female	29	10	35
MD	Customer services officer	Male	25	6	35

Appendix I.6					
Staff profiles for branch 6					
Staff member	Job title	Gender	Age	Length of service yrs.	Hours
JH	Manager	Male	44	28	35
IL	Assistant manager service)	Male	38	22	35
SF	Customer services officer	Female	33	17	35
CM	Customer services officer	Female	44	5	35
IM	Customer services officer	Female	44	6	20
DW	Customer services officer	Female	54	10	20

APPENDIX J

BRANCH 3, CUSTOMER SERVICES OFFICER, CJ

Appendix J: Branch 3, Customer Services Officer, CJ

Appendix K shows the coding sheets for branch 3. An examination of these sheets shows that amongst the mostly positive data there was one particular member of staff who has made a number of negative comments about the branch practices and procedures. I think it would be beneficial to explain why this anomaly was likely to have occurred. This person had only been with the branch for 10 months when the interviews took place and had come from a branch that was very sales orientated. It transpired that just before visiting the branch, an unofficial mystery shopper survey had been carried out. 'Unofficial' refers to the fact that a number of branches in the area decided to mystery shop each other in an attempt to improve customer service. They hoped it would also improve their chances of getting good scores for the 'official' mystery shopper survey carried out by the bank. In doing this it had been agreed between the manager and the staff that the individuals involved in the mystery shop would be identified. Unfortunately, on this particular occasion the branch received a lower score than it would normally have expected:

'Apparently, I never greeted them, I was on the phone, and I didn't look up at them, and I never used their name, but I did offer privacy, to make an appointment, but what was said then was that I shouldn't have been on reception on my own, I shouldn't have had to pick up the phone because like, it was a quiet day, and everything was ringing everywhere else. He said he was waiting like for three minutes.' (Branch 3, Customer Services Officer, CJ)

The manager wishing to correct the problem and ensure that it didn't happen again spoke to the person responsible for the low score. This was the same person who was new to the branch. The customer services officer concerned took this very badly. It was not surprising therefore that when she was interviewed for this research, that she took the opportunity to vent some of her frustrations and anger:

'...When it came up, the way that I handled the query was no different really, from the way that anybody else would have handled it, speaking to different individuals. You don't have, they didn't have to say, that it was me, but the names on there, they were able to describe them any way, so, when the forms came out to read, they try and describe the person, long blonde hair, ponytail, or whatever. Um... so inevitably you are picked out, rather than the manager reading this, and saying, we had this on reception and we scored really badly, we really need to improve this, um, I was called into the office, and questioned about it, and like, you know, you have done this for the branch, and that, basically to me has affected customer service, because I wouldn't go on reception after that, I wouldn't go near there to serve customers, so I wasn't, I mean I have been 10 years in the bank, and I have done it all before, but because of this, I was called in to the office to say, you know, and I believe that it affected my review as well. It shouldn't be a named thing, it shouldn't.' (Branch 3, Customer Services Officer, CJ)

The coding sheets show that whilst the others feel that the communication in the branch was open, she was the only person who perceived it as both closed and open. She was also the only person interviewed who perceived the participation in the branch to be low, while others reported it to be high. She perceived that the branch was not well organised and that the goals and performance standards used as a means of controlling behaviour were both ineffective and effective whilst everyone else saw

them as effective. Not surprisingly, in the light of the recent mystery shopper incident, she perceived the focus on practices and procedures in relation to customer care in the branch impacted in a negative way on the attitude and behaviour of the staff. Unlike the others, she was the only member of staff to report that the staff did not work well together as a team. She did, however, perceive that there was warmth and support not only from among the staff but from the manager as well. This could indicate that whilst she may feel upset by the mystery shopper scores, the staff and the manager handled it in a considerate and sensitive way and were still perceived in a positive light:

‘...She did deal with it nicely. Carefully...’(Branch 3, Customer Services Officer, CJ)

Finally this customer services officer was the only person in the whole sample interviewed who had made a response to avoid an aversive consequence i.e. ‘avoidance contingency’ (Cherrington, 1994). In other words she would now go out of her way not to go on duty in the reception area in case she found herself subjected to another mystery shopper exercise:

‘I’ll do anything [rather than be on reception]. I would do something for someone else, I will go on your till, if you go on reception...but I must admit for a couple of weeks I wouldn’t go near there, I would avoid walking that way, in case someone might be waiting and I would have to serve them, and that affects customer service.’ (Branch 3, Customer Services Officer, CJ)

APPENDIX K

CODING SHEETS FOR BRANCH 3

Appendix K: Coding sheets for Branch 3

Coding sheet 1 for branch:						
	STAFF MEMBERS					
STAFF CODES	JT	CJ	KK	MH	CJJ	LL
STAFF GRADES	BA	CSO	SCSO	CSO	MANAGER	ASSISTANT MANAGER
STRUCTURE						
S-COMMUNICATION Informal.....Formal Open.....Closed	open 1 open 2 open 3	closed 1 closed 2 Open 3	Open 1 Open 2 Open 3 Open 4 Formals	Open 1	Open 1 Open 2 Open 3	Open 1 Open 2
S-RULES-GENERAL Flexible.....Rigid	Rigid 1			Flexible 1 Flex 2 = CC	Flexible 1 " 2 " 3 " 4 " 5 " 6 " 7	Flexible 1 Flexible 2 Flexible 3
S-RULES-BETWEEN BRANCHES Vary alot....Vary a little						
S-PARTICIPATION High.....Low.....Variable	High 1	Low 1			High 1	High 1
S-AUTONOMY High....Low	High 1		High 1 High 2		High 1	High 1
S-ROLE CLARITY Clear.....Unclear						
S-ORGANISED (+).....(-)		(-) 1				
STAFFING Enough.....Not enough	not enough 1 not " 2 = CC	not enough 1	not enough 1 " 2	not enough 1	not enough 1 " 2	not enough 1 " 2 " 3 " 4 " 5 " 6
S-STAFFING-EQUITY Fair.....Unfair						
S-PRESSURE High.....Low		Low 1 High 2		High 1	High 1	
S-VARIETY High.....Low		High 1				High 1 High 2

Coding sheet 2 for branch: 3

	STAFF MEMBERS					
STAFF CODES	JT	CJ	KK	MH	CJJ	LL
STAFF GRADES	BA	CSO	SCSO	CSO	MANAGER	ASSISTANT MANAGER
RECOGNITION AND REWARDS						
RR-PRC	✓1	✓1	✓1 ✓2	✓1 ✓2	✓1 ✓2 ✓2	✓1 ✓4 ✓2 ✓5 ✓2 ✓6
RR-PUNISHMENT	✓1	✓1 ✓2=CC	✓1	✓1 ✓2	✓1	
RR-ESCAPE						
RR-AVOIDANCE		✓1 ✓2				
RR-EXTINCTION						
RR-EQUITY Overrewarded..Underrewarded Fair.....Unfair	U/R 1	U/R 1	U/R 1 U/R 2	U/R 1	unfair 1	U/R HO 1 unfair 2 U/R HO 3 U/R HO 4 unfair HO 5 U/R HO 6 U/R HO 7
RR-GOALS Effective.....Ineffective A little.....A lot Used.....Not used	eff. 1 eff. 2	eff. 1 eff. 2 ineff. 3	eff. 1	eff 1	eff. 1 eff. 2 eff. 3 eff. 4 eff. 5 eff. 6 eff. 7 eff. 8	eff. 1 eff. 2
COHESION						
C-INTERACTION AMONG STAFF High.....Low	High 1					
C-SOCIALISE High.....Low				High 1		High 1 High 2
C-SHARED PERCEPTION High.....Low						
C-TEAM High.....Low		Low 1 Low 2=CS		High 1	High 1 High 2 High 3	High 1 High 2

Coding sheet 3 for branch: 3						
	STAFF MEMBERS					
STAFF CODES	JT	CJ	KK	MH	CJJ	LL
STAFF GRADES	BA	CSO	SCSO	CSO	MANAGER	ASSISTANT MANAGER
WARMTH AND SUPPORT						
WS-AMONG STAFF High....Low	High 1 High 2 High 3	High 1	High 1 High 2	High 1	High 1	High 1 High 2 High 3 High 4
WS-MORALE High....Low						
WS-BY MANAGERS High.....Low	High 1	High 1 High 2	High 1		High 1	High 1 High 2 High 3 High 4
WS-TRUST MGT High.....Low						
WS-FROM HEAD OFFICE/ SENIOR MANAGERS High....Low	Low 1 Low 2			Low 1	Low 1 Low 2 Low 3	Low 1 Low 2 Low 3 Low 4
CUSTOMER CARE						
CC-PRACTICES PROCEDURES						
CC-PRACTICES- GENERAL High....Low (+).(-) Effective.....Ineffective	eff 1 = CC	(+) 1 (+) 2 (+) 3 (-) 4 (-) 5	(+) 1 High 2	High 1 eff 2 = CC High 3	High 1 eff 2 ineff 3 eff 4 eff 5 High 6 eff 7 (+) 8	High 1 High 2 High 3
CC-PRACTICES- BEHAVIOUR-GENERAL (+).(-)		(-) 1 (-) 2 (-) 3 (-) 4	(+) 1	(+) 1	(-) 1 (+) 2	
CC-PRACTICES-SALES (+)(-)()	(-) 1 (+) 2	(-) 1 (-) 2 (-) 3 (-) 4	(+) 1	(-) 1 (-) 2 (+) 3 (-) 4 (-) 5 = CC	(-) 1 (-) 2	(-) 1 (-) 2 (-) 3
CC-PRACTICES- BEHAVIOUR-SALES (+).(-)		(-) 1 (-) 2	(-) 1 (+) 2	(+) 1 (-) 2 (-) 3 (-) 4 (-) 5 (-) 6 = CC		(-) 1 (-) 2 (-) 3
CC-ROLE CONFLICT		✓ 1 ✓ 2		✓ 1		
CC-NO ROLE CONFLICT			✓ 1		✓ 1	✓ 1

Coding sheet 4 for branch: 3						
	STAFF MEMBERS					
STAFF CODES	JT	CJ	KK	MH	CJJ	LL
STAFF GRADES	BA	CSO	SCSO	CSO	MANAGER	ASSISTANT MANAGER
CC-MGT-SALES-ROLE CONFLICT Role conflict.....No role conflict						
CC-SALES-SERVICE DIVISION (+).....(-) ().....(No)			(No) 1 (No) 2 (No) 3	(No) 1 (No) 2 () 3	(No) 1 (No) 2 (No) 3 (No) 4	
CC-PRACTICES-TRAINING Too much.....Not enough Flexible.....Rigid Effective.....Ineffective (+) Time.....(-) Time Passive.....Interactive			flexible 1			Eff. 1 Interactive 2 Eff. 3 Eff. 4 Interactive 5
CC-INNOVATIVE Active.....Inactive Effective.....Ineffective	other active 1 TQM active 2=CC TQM eff 3=CC Star active 4 Star eff. 5	TQM active 1 TQM eff 2=CC TQM active 3 TQM eff 4=CC TQM eff 5=CC Star active 6 Star active 7 Star eff 8 Star active 9	TQM active 1=CC TQM eff 2=CC TQM active 3 TQM eff 4=CC TQM eff 5=CC Star active 6 Star active 7 Star eff 8 Star active 9	TQM active 1 TQM eff 2=CC Eff. Grumble 3 " " 4=CC Active " 5=CC TQM eff. 6 Star eff 7=CC TQM eff 8=CC Star active 9 Star eff 10	TQM eff 1=CC Eff. Grumble 2 Star eff 3=CC	Star eff 1=CC TQM active 2 Grumble eff 3 Grumble eff 4 Star active 5 Star eff 6
CC-SERVICE QUALITY Good.....Poor Important.....Not important High.....Low MS (Mystery Shopper Score 80% is the average) SSM (Senior Service Management Checks)						MS 65%
CC-CUSTOMER CARE High.....Low					High 1 High 2 High 3 High 4 High 5	High 1

Coding sheet 5 for branch: 3						
	STAFF MEMBERS					
STAFF CODES	JT	CJ	KK	MH	CJJ	LL
STAFF GRADES						
CC-CUSTOMERS TREATED EQUALLY Yes.....No					yes 1	
CC-CUSTOMER RETENTION PRACTICES Active attempt..No attempt Depends on Value.....Doesn't depend on value		active attempt 1 " " 2 Depends on value 3			Depends on value 1	active attempt 1
CC-HO-PRACTICES (+)......(-)				(+) 1 (-) 2 = CC (-) 3	(+) 1 = CC (-) 2 = CC (-) 3 = CC (-) 4 = CC (-) 5 = CC (-) 6 = CC (-) 7 = CC (-) 8 = CC	(-) 1 (-) 2 (-) 3 (-) 4

- Key:**
- SCSO – Senior Customer Services Officer
 - CSO – Customer Services Officer
 - BA – Branch Advisor
 - HO – Head Office
 - CC – Customer Care, refers to the extent to which any of the above impact on customer care
 - TQM – Total Quality Management Programme
 - Star – Starburst initiative

APPENDIX L

QUESTIONNAIRE ANALYSIS

Appendix L: Questionnaire analysis

- RR: High or low retention rates
- 1: not essential
- 2: somewhat essential
- 3: very essential
- Note: For the cells that contain two numbers, the top number refers to the numbers of responses in that cell for an individual question and the bottom number the percentage of responses in that cell for a particular question.
- S: Significance – Pearson (Bold highlights significance ≤ 0.05)
- *: This significance should be treated with caution as minimum expected frequency is > 20% (i.e. there are too few responses in some of the category cells)
- **: Statistics cannot be computed when the number of non-empty rows or columns is one.

How essential you feel it is: How essential you think bank management feels it is:

		RR	1	2	3	S	1	2	3	S
1	Strictly following all rules and procedures of bank	High	0 0	11 20.8	42 79.2	.02	0 0	4 7.5	49 92.5	.56
		Low	0 0	3 5.8	49 94.2		1 1.9	3 5.8	48 92.3	
2	Keeping a sense of 'family' among all bank employees	High	1 1.9	33 62.3	19 35.8	.24	13 24.5	28 52.8	12 22.6	.22
		Low	4 7.7	26 50.0	22 42.3		21 40.4	21 40.4	10 19.2	
3	Being able to know and address customers by name	High	1 1.9	24 45.3	28 52.8	.81	1 1.9	9 17.0	43 81.1	.86
		Low	2 3.8	22 42.3	28 53.8		3 5.8	6 11.5	43 82.7	
4	Giving customers special treatment if they have a large balance in their account	High	12 22.6	34 64.2	7 13.2	.02	2 3.8	23 43.4	28 52.8	.09
		Low	14 26.4	21 39.6	18 34.0		3 5.8	12 23.1	37 71.2	
5	Being able to perform different jobs in the branch	High	1 1.9	16 30.2	36 67.9	.59	5 9.4	24 45.3	24 45.3	.83
		Low	3 5.7	16 30.2	34 64.2		7 13.2	23 43.4	23 43.4	
6	Doing one's job in a routine-like fashion	High	6 11.5	36 69.2	10 19.2	.52	2 3.8	30 57.7	20 38.5	.08
		Low	8 15.1	31 58.5	14 26.4		9 17.3	25 48.1	18 34.6	

		RR	1	2	3	S	1	2	3	S
7	Having cooperation among branch employees	High	0 0	4 7.5	49 92.5	.40	0 0	14 26.4	39 73.6	.60
		Low	0 0	2 3.8	51 96.2		1 1.9	14 26.4	38 71.7	
8	Having bank branches involved in community affairs	High	18 34.6	29 55.8	5 9.6	.34	13 25.0	29 55.8	10 19.2	.02
		Low	25 47.2	22 41.5	6 11.3		26 50.0	22 42.3	4 7.7	
9	Having all branches offer the same services	High	1 1.9	9 17.0	43 81.1	.60	1 1.9	7 13.2	45 84.9	.58
		Low	0 0	9 17.0	44 83.0		3 5.7	6 11.3	44 83.0	
10	Having all employees coordinate work activities	High	2 3.8	24 46.2	26 50.0	.32	4 7.7	23 44.2	25 48.1	.79
		Low	2 3.8	17 32.1	34 64.2		5 9.4	26 49.1	22 41.5	
11	Checking identification of all customers including well-known customers	High	19 35.8	22 41.5	12 22.6	.92	12 22.6	27 50.9	14 26.4	.29
		Low	20 37.7	20 37.7	13 24.5		12 22.6	20 37.7	21 39.6	
12	Using only established methods for solving customers' problems	High	17 32.1	28 52.8	8 15.1	.81	9 17.3	20 38.5	23 44.2	.67
		Low	20 37.7	25 47.2	8 15.1		8 15.1	25 47.2	20 37.7	
13	Meeting sales quotas set for the branch by bank management	High	1 1.9	28 52.8	24 45.3	.03 *	0 0	0 0	53 100	**
		Low	3 5.7	15 28.3	35 66.0		0 0	0 0	53 100	**
14	Performing more than assigned job duties	High	0 0	35 66.0	18 34.0	.07	1 1.9	18 34.0	34 64.2	.81
		Low	4 7.5	27 50.9	22 41.5		2 3.8	19 35.8	32 60.4	
15	Maintaining a consistent position in the consumer marketplace	High	2 3.8	11 20.8	40 75.5	.25	0 0	2 3.8	51 96.2	.40
		Low	0 0	8 15.1	45 84.9		0 0	4 7.5	49 92.5	

		RR	1	2	3	S	1	2	3	S
16	Showing personal concern for any customers' banking problems	High	1 1.9	10 18.9	42 79.2	.73	4 7.5	5 9.4	44 83.0	.04 *
		Low	1 1.9	7 13.2	45 84.9		1 1.9	14 26.4	38 71.7	
17	Taking the time to give detailed explanations of services to customers	High	0 0	2 3.8	51 96.2	.40	1 1.9	7 13.2	45 84.9	.45
		Low	0 0	4 7.5	49 92.5		0 0	10 18.9	43 81.1	
18	Maintaining an emphasis on quality rather than quantity of service	High	1 1.9	6 11.3	46 86.8	.83	3 5.7	13 24.5	37 69.8	.22
		Low	1 1.9	8 15.4	43 82.7		6 11.5	18 34.6	28 53.8	
19	Giving customer service in new and creative ways	High	7 13.2	32 60.4	14 26.4	.84	5 9.4	24 45.3	24 45.3	.51
		Low	8 15.1	29 54.7	16 30.2		9 17.0	21 39.6	23 43.4	
20	Consulting branch staff about changes	High	0 0	10 18.9	43 81.1	.16	17 32.7	22 42.3	13 25.0	.55
		Low	0 0	5 9.4	48 90.6		20 37.7	17 32.1	16 30.2	
21	Obtaining a unique identity as a bank	High	6 11.3	28 52.8	19 35.8	.11	5 9.4	18 34.0	30 56.6	.28
		Low	7 13.5	17 32.7	28 53.8		8 15.4	11 21.2	33 63.5	

		RR	Very true	Some-what true	Not true	S
22	The bank uses high-quality paper for printing forms, checks, deposit slips etc	High	19 35.8	32 60.4	2 3.8	.83
		Low	20 38.5	29 55.8	3 5.8	
23	We try and save the valuable customers and let the others fade away	High	2 3.8	27 50.9	24 45.3	.34
		Low	6 11.3	25 47.2	22 41.5	

		RR	Very true	Some- what true	Not true	S
24	The branch manager supports employees when they come up with new ideas on customer service	High	17 32.1	32 60.4	4 7.5	.88
		Low	15 28.3	33 62.3	5 9.4	
25	People who work in head office are sympathetic to the problems of the branch	High	0 0	15 28.8	37 71.2	.57
		Low	0 0	18 34.0	35 66.0	
26	We are well prepared by Marketing for the introduction of new products or services	High	6 11.3	36 67.9	11 20.8	.48
		Low	8 15.1	30 56.6	15 28.3	
27	The branch manager sets definite quality standards for good customer service	High	28 52.8	22 41.5	3 5.7	.98
		Low	27 50.9	23 43.4	3 5.7	
28	The branch manager meets regularly with employees to discuss work performance goals	High	28 52.8	19 35.8	6 11.3	.84
		Low	25 47.2	21 39.6	7 13.2	
29	We single out some customers for special attention in my branch	High	2 3.8	27 50.9	24 45.3	.04*
		Low	6 11.3	15 28.3	32 60.4	
30	Equipment and machinery in the branch are well-serviced and rarely break	High	8 15.1	25 47.2	20 37.7	.20
		Low	3 5.7	32 60.4	18 34.0	
31	The branch always has adequate supplies (deposit/withdrawal slips etc)	High	26 49.1	20 37.7	7 13.2	.01
		Low	11 20.8	31 58.5	11 20.8	
32	Staff in my branch are too busy trying to sell new accounts rather than save old ones	High	2 3.8	19 35.8	32 60.4	.71
		Low	3 5.7	22 41.5	28 52.8	

		RR	Very true	Some- what true	Not true	S
33	The branch has been losing important customers recently	High	1 1.9	10 19.2	41 78.8	.42
		Low	3 5.8	13 25.0	36 69.2	
34	The branch manager gets the people in different jobs to work together in serving branch customers	High	15 28.3	34 64.2	4 7.5	.48
		Low	11 20.8	35 66.0	7 13.2	
35	Customers say they like the equipment and machinery used to serve them	High	0 0	33 64.7	18 35.3	.32
		Low	2 3.9	34 66.7	15 29.4	
36	When marketing introduces new services, they are well-liked by customers	High	2 3.8	45 84.9	6 11.3	.90
		Low	3 5.7	44 83.0	6 11.3	
37	When customers try to close their accounts no one really tries to keep them	High	1 1.9	18 34.0	34 64.2	.27
		Low	4 7.7	13 25.0	35 67.3	
38	The branch manager takes time to help new employees learn about the branch and its customers	High	6 11.3	24 45.3	23 43.4	.43
		Low	3 5.8	21 40.4	28 53.8	
39	The bank's management makes sure that each branch is adequately staffed	High	2 3.8	20 37.7	31 58.5	.046*
		Low	1 1.9	9 17.3	42 80.8	
40	We are rewarded and appreciated for the extra effort that we make when dealing with customers	High	3 5.7	23 43.4	27 50.9	.14
		Low	1 1.9	15 28.8	36 69.2	
41	The branch manager accepts the responsibilities of his/her job	High	27 50.9	21 39.6	5 9.4	.06
		Low	37 71.2	14 26.9	1 1.9	

		RR	Very true	Some- what true	Not true	S
42	My branch manager works at keeping an orderly routine going in the branch	High	22 41.5	23 43.4	8 15.1	.08
		Low	13 25.0	34 65.4	5 9.6	
43	The employees sent to us by personnel are able to do their jobs well	High	6 11.8	43 84.3	2 3.9	.048
		Low	5 9.8	36 70.6	10 19.6	

			RR High	RR Low	S
44	Would you describe the overall quality of service in your branch as:	Outstanding	0 0	1 1.9	.05
		Excellent	18 34.0	8 15.1	
		Good	35 66.0	44 83.0	
		Not so good	0 0	0 0	
		Terrible	0 0	0 0	